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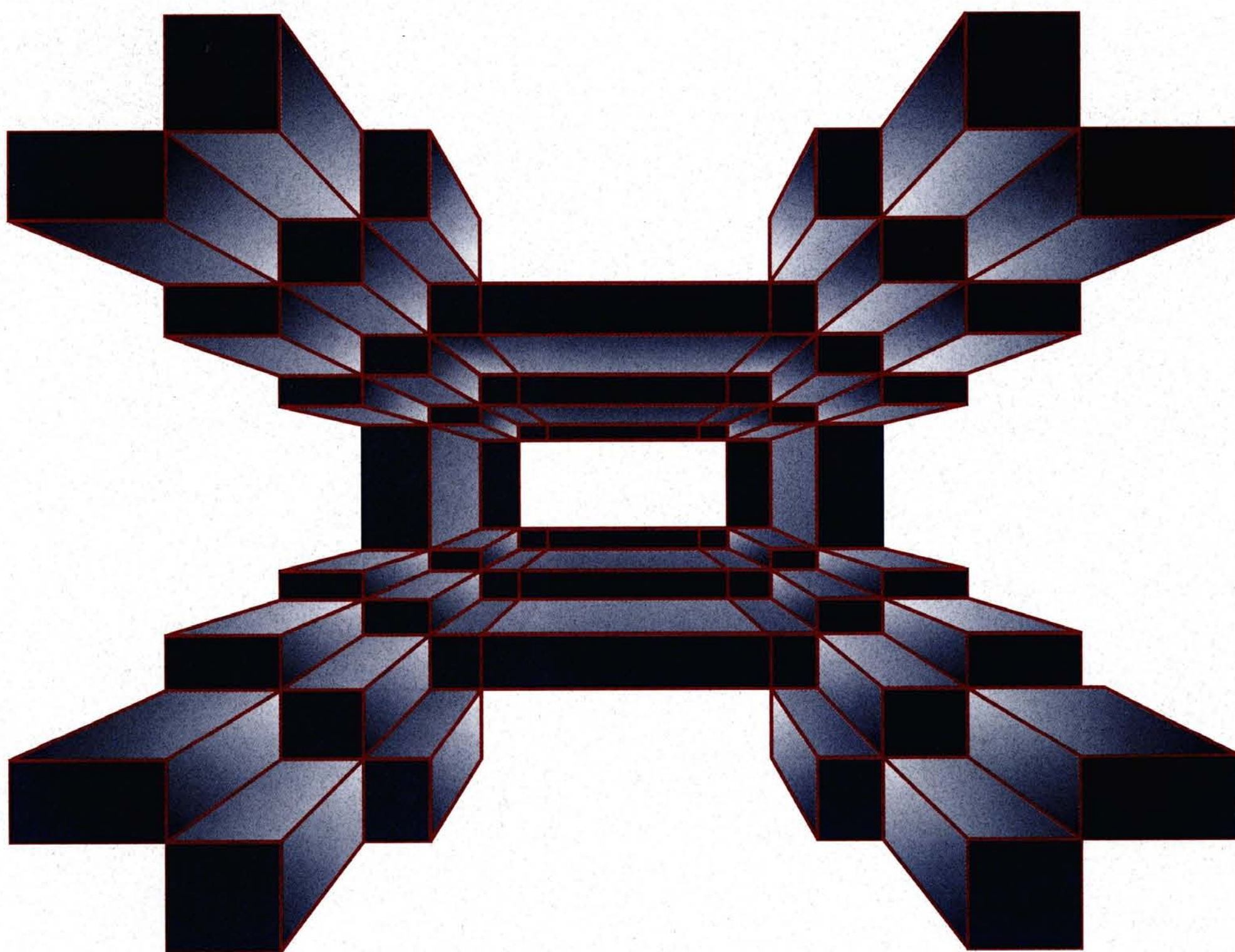
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BUSINESS OUTLOOK

for West Michigan



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BUSINESS OUTLOOK

for West Michigan

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WEST MICHIGAN VIEWPOINT

Core Cities and their Public Schools

"We cannot hope to revitalize our cities if we don't revitalize our schools."

Beverly O'Neill
Mayor, Long Beach, California

The future of urban core cities and their public school districts are intractably intertwined. Without strong schools, cities cannot hope to be the residency of choice for most middle and upper-middle income families with children. Likewise, schools cannot remain strong if city services are below par. In fact, a vicious cycle can ensue when the growing deficiency in both city services and city schools creates a hostile environment for economic growth. High crime, poorly maintained streets, and an inefficient city government can drive middle and upper-middle income families to suburban locations. That leaves the city's schools the task of teaching primarily economically disadvantaged students, who for a variety of reasons, such as an unstable home environment or inadequate supervision, can be the most difficult to serve. In several cities, city hall and city school districts are working together to develop programs that strengthen their public schools. It is a welcome change from the harsh environment where schools blame the cities for failed housing strategies and the cities complain about nonperforming schools pushing families into the suburbs.

In Michigan, the mutual dependency of city governments and public schools has become obvious with the change in public school financing from a local property tax collections base to a per pupil state grant. When school financing was based on property tax revenues, schools welcomed a city's strategy of attracting industry and commercial activity because it provided financial support without increasing the direct demand for services, unless the employees also lived in the city.

In terms of residential development, many cities focused efforts—especially in their downtown development initiatives—on creating an urban environment attractive to young, childless professionals. Again, schools benefited from these efforts, as young professionals without school-aged children increased the city's property tax base without making any direct demands on school services. Now, with the state paying schools on a per pupil basis, schools are increasingly interested in seeing their cities expand their community development policies to include attracting and

keeping these very same people as they start raising families.

However, cities face an uphill battle in trying to keep their more affluent families from moving to suburban/rural locations. Suburban locations offer newer houses in planned residential communities near modern shopping and entertainment centers. Throw in any negative perceptions of both quality of life and higher property/income tax rates in the city, and it is clear that the core cities have a tough sales job. This would be true even if their public schools were outstanding. Add possible doubts about their public schools to the mix, and a city's task can become extremely difficult.

Indeed, core city residents are becoming poorer and more segregated relative to their suburban neighbors. In 1996, poverty in the central city of the 85 largest MSAs stood at 19.6 percent, while suburban poverty was 9.4 percent.¹ Evidence shows that the city/suburban gaps are created partly by out-migration of the more affluent residents and partly by the downward mobility of those remaining. Cities are also becoming more segregated; 62 percent of African Americans live in areas that are 60 percent or more black in 1990.²

Given this, it is not surprising that when city/school partnerships do exist, their goals are most often to improve the well-being of economically disadvantaged students. Partnerships between cities and their school districts, with the assistance of federal and foundation grants, are providing school-based public services programs, mentoring programs, and after-school activities that aim to improve the harsh environment many low-income students face. Although some of these measures have been shown to make a difference in the academic achievement of at-risk pupils, by themselves they cannot—nor were they designed to—make the city a more attractive residency option for middle-income families.

While most programs currently focus on meeting the needs of at-risk students, the challenge is to expand the programs to attract and serve all students from all income groups. Cities and schools interested in establishing partnership programs that are attractive to all income groups within the city could consider the following types of programs:

- *Offer academically challenging, high-quality, all-day summer programs for students in all grades but especially K–8th.* Studies have shown that at-risk students fall further behind their peers during the summer months. At the same time, dual-income households of all income groups struggle with child care during the summer months. An academically based summer program would address both concerns.
- *Provide high-quality after-school programs.* Some cities have partnered with their schools to offer after-school programs; for example, Sacramento, California, with its START program (Students Today Achieving Results for Tomorrow); Birmingham, Alabama, with its SOAR program (Stressing Opportunities for Academic Readiness); and Des Moines, Iowa, with its Extended Day Learning Program. Again, these programs are directed toward meeting the needs of at-risk students, but they could be expanded to meet the after school needs of all families.³
- *Develop unique education programs/curricula in the schools.* One of the more comprehensive partnerships currently being undertaken is in Philadelphia, where the city is assisting in the funding of in-school career academies. These career academies are a school-within-a-school, where academic and technical subjects are blended in a comprehensive curriculum that is totally separate from the rest of the school's activities. In their evaluation of Philadelphia's high school career academies, Maxwell and Rubin conclude that, "In a nutshell, our study shows that career academies can be quite effective at facilitating postsecondary educational success for their students."⁴

The last option, career education programs, may generate the most value for both the school and city. For the school, they may enhance the school's ability to retain students who otherwise would not succeed. For the city, these programs have the potential to enhance the city's workforce and play a major part in an efficient economic development program. It is important to note that the success of these programs depends upon the city's business community also being in the partnership to provide direction.

The major barrier to these partnerships is not the lack of a shared vision or a disagreement on the potential mutual benefits that such partnerships could offer; the barrier is, of course, funding. Cities seldom have the money necessary to contribute to the funding of these initiatives, and neither do the schools. Family income-based contributions, business sponsorship, foundation support, and federal grants must all be considered and explored.

In summary, more and more cities and schools across the country are joining forces to meet the needs of their residents and students. The target of most partnerships is to assist at-risk students primarily from economically disadvantaged households. These efforts are extremely important to the health of both institutions. If effective, these programs will improve academic achievement, decrease dropout rates, and enhance the general perception of the schools and the city. However, these programs do not directly address the concerns of the more mobile middle and upper-middle income families. City/school partnerships that address the needs of all students and families, regardless of income, should also be considered in order for core cities and their schools to remain competitive with their suburban neighbors. A successful end result would be the overheard comment, "Yes, we thought about moving out of the city, but the new city-sponsored summer academic program at our local school is simply too good to pass up."

Notes

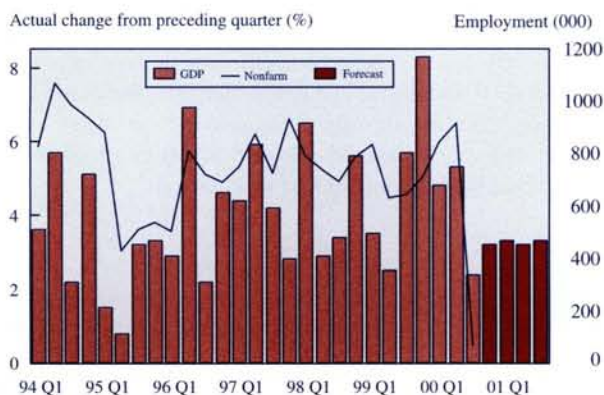
1. Pastor, Manuel, Jr., Peter Dreier, J. Eugene Grigsby, and Marta López-Garza. 2000. "Growing Together: Policies for Regional Prosperity and Equity." In *Regions that Work: How Cities and Suburbs Can Grow Together*. Minneapolis, Minnesota: University of Minnesota Press, pp. 155–191.
2. See note 1.
3. Council of the Great City Schools and the A&E Network. 1999. *Partnerships in the Great City Schools: Improving Education and Services for Children and Families in Urban America*. Prepared by City Policy Associates, March.
4. Maxwell, Nan L., and Victor Rubin. 2000. *High School Career Academies: A Pathway to Educational Reform in Urban School Districts*. Kalamazoo, Michigan: W.E. Upjohn Institute for Employment Research.

NATIONAL ECONOMY

IS THE SOFT LANDING FINALLY HERE?

The economy cooled off from its sizzling pace of the past three quarters. The nation's gross domestic product (GDP) increased at a moderate 2.4 percent annual rate in the third quarter. The slowdown was engineered, in part, by the Federal Reserve (Fed) pushing its target for the short-term federal funds interest rates up from 4.75 percent to 6.5 percent during the past 18 months. However, the verdict is still out on whether the economy has made a successful soft landing, as several "one-time" events may have also slowed the economy only temporarily.

Gross Domestic Product and Nonfarm Employment



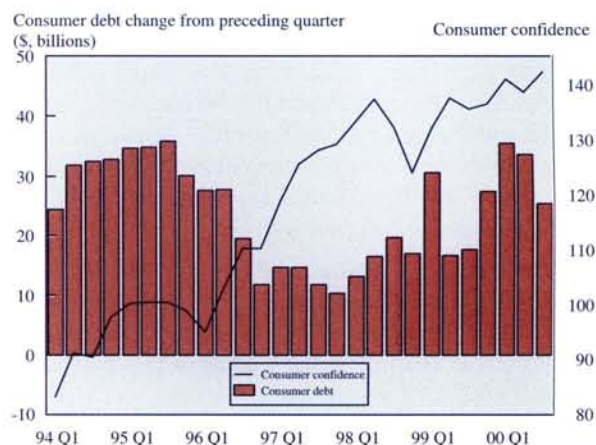
SOURCE: Forecast data from the Survey of Professional Forecasters, Federal Reserve Bank of Philadelphia.

Consumers are certainly not to blame for the quarter's more moderate pace. Consumer spending accounted for all the growth in the third quarter and then some. Personal consumption added three points to the GDP growth in the third quarter. The spending was fairly spread out, with services showing the largest increase, adding almost 1.5 points by itself. Autos and light truck sales were particularly robust, staying at or above a 17 million unit annualized rate for all three months of the quarter.

The sharp reduction in employment growth in the third quarter did not slow consumer spending. Nonfarm employment inched up only 67,000 workers in the third quarter, a major factor being that many of the workers hired for the census in the second quarter finished in the third quarter. Government employment fell by nearly 300,000. Strong employment gains in October, an increase of 137,000 jobs, make some economists question whether the third quarter was only a pause and not a trend. October's employment growth was well spread out, with goods-producing adding

38,000 workers, services adding 99,000 workers, and government adding 20,000 workers. The unemployment rate stayed at its rock-bottom level of 3.9 percent.

Consumer Confidence and Consumer Debt



Indeed, the nation's low unemployment rate is one of the main contributors to third quarter's high levels of consumer confidence. Consumer confidence remained at or near record levels during the three-month period, despite stock market declines eating away at household wealth. However, consumer confidence dropped heavily in October, which could dampen holiday sales. Consumers continued to add debt in the third quarter, but at lower installments than in the last two quarters.

BUSINESS INVESTMENT SPENDING SLOWS

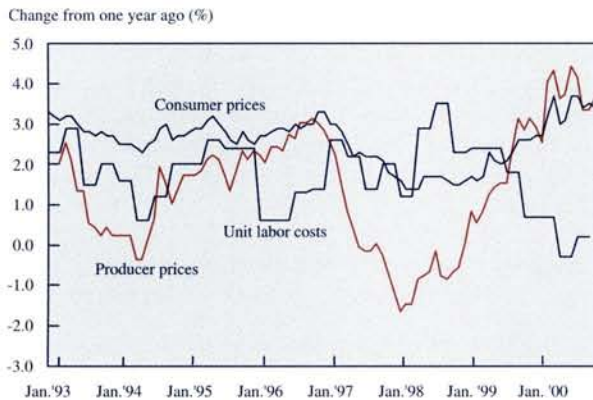
The pace of business investment spending slowed substantially during the third quarter, adding only 1.0 points to this quarter's GDP after adding nearly 2 points last quarter. Business investment spending for structures and equipment rose at a 7.8 percent annualized rate. Businesses continue to focus their investment dollars on information equipment and software, as spending in that category rose at a robust 17.1 percent annual rate in the quarter. Brick and mortar spending rose at a strong 14.9 percent annual rate.

Residential investment cooled off, declining at a 10.5 percent annual rate in the quarter. However, sales for new single-family homes rose 9.2 percent in September, encouraged by falling mortgage rates. While the residential construction sector is still soft, it will likely turn in a positive performance during the fourth quarter.

Exports improved during the third quarter, but once again imports flowed in at a faster rate. Net imports cost GDP three-quarters of a point in the third quarter.

Government also was a drag on GDP during the quarter, with both national defense spending and nondefense spending down. Similar to the quarter's drop in residential construction, it is likely that this was a one-time event and that weak government spending will not continue to slow the economy in the coming quarter.

Consumer Price Indexes

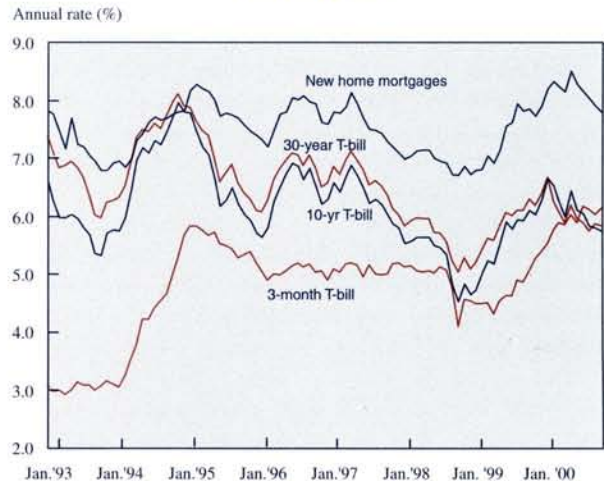


Consumer prices are continuing to be pushed up by high oil prices; however, it looks like the worst is over. The consumer price index (CPI) has hovered around the 3.5 percent rate for the past few months, while the producer price index has been a bit higher. Moreover, the consumer expenditure deflator—which, unlike the CPI, allows consumers to alternate their buying patterns in response to changing relative prices—rose only 2.1 percent during the third quarter.

Nonfarm productivity continued to grow during the third quarter, increasing by 5.0 percent over the corresponding quarter last year. Still, its increase was slightly off from its

second-quarter performance of 5.3 percent and was not enough to keep unit labor costs from increasing by 0.1 percent. Of key importance to the longevity of this expansion is whether productivity growth will continue to fight off the wage pressures from an incredibly tight labor market. Compensation costs rose 4.3 percent during the 12-month period ending in September, up from its 3.1 percent increase of last year. Wages increased by 4.0 percent during the past 12 months, while benefits rose an even faster 5.3 percent.

Interest Rates



With the Fed sitting on the sidelines while the presidential election plays out, interest rates have been fairly stable. There doesn't seem to be much certainty on when the Fed will next act and in what direction. With the economy cooling off, there does not appear to be much reason to raise rates anytime soon. However, data are being closely watched, and if wage pressures start to build, it probably would not take long for the Fed to act. The consensus forecast of economists pulled together by the Philadelphia Federal Reserve Bank calls for the economy to slow to a 3.2 percent annualized pace in the fourth quarter and keep it, on average, for all of 2001.

THE REGIONAL ECONOMY

The Great Lakes States

Economic activity in the Great Lakes states is still strong, but there was a whisper of a slowdown in the fall wind. Employment growth has slowed, the workweek is shorter, and retail sales, while still strong, are below retailers' expectations. In other words, the region is experiencing the same slowdown as the nation.

The Federal Reserve Bank of Chicago's November issue of its *Beige Book* reports that consumer spending in the region has moderated, and retail sales are not meeting merchants' expectations. Still, retailers remain bullish about the holiday season, although the prospect of hiring sufficient seasonal workers is grim. The auto industry continues to drive the region's manufacturing sector. Economic conditions facing the region's other manufacturing sectors are reported as "strong"; however, more than one manufacturer suggested that demand may be softening and that future production could be slower. Labor markets remain tight throughout the region. The Bank's researchers are finding more evidence of "intensifying wage pressures and increases in nonwage labor costs," especially for health

insurance. Still, unlike previous reports released in the past two years, the November report mentioned "pockets of softness" and rising unemployment rates in the more manufacturing-concentrated metropolitan areas. This holds true for the three metropolitan areas in west Michigan in the third quarter as well.

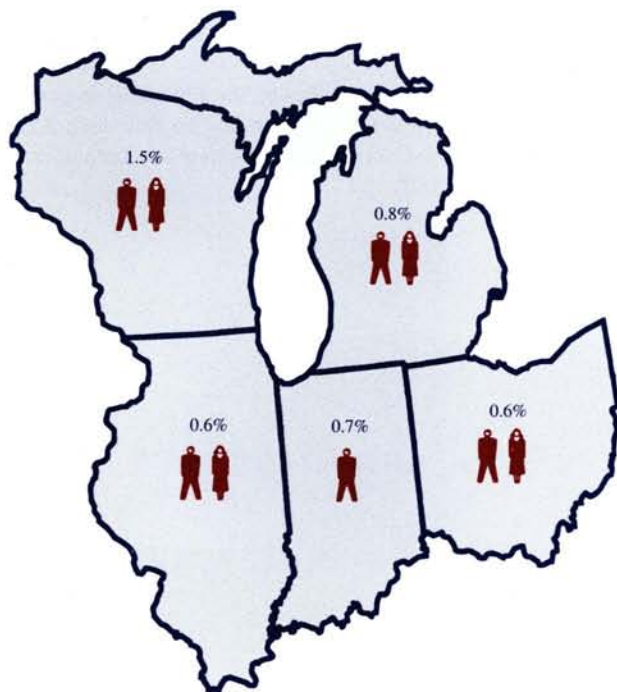
Total employment in the five Great Lakes states rose by 0.7 percent during the 12-month period ending in September. Wisconsin experienced the strongest percentage increase, 1.5 percent during the period, while Illinois and Ohio each reported only a 0.6 percent increase. Wisconsin was the sole state where employment gains in the current period were better than those reported in the 12 months ending in June.

Manufacturing employment declined in all five states during the 12-month period ending in September, with

**Percent Change in Total Employment
September 1999 to September 2000**



Each figure represents an employment addition of 20,000 workers.



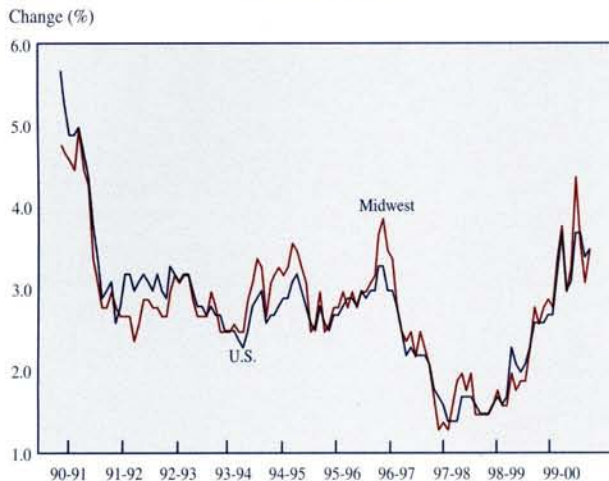
**Manufacturing Employment and Earnings
(not seasonally adjusted)**

Great Lakes Region	September 2000	September 1999	Change (%)
ILLINOIS			
Manufacturing employment	952,000	958,500	-0.7
Average weekly hours	41.8	41.8	0.0
Average hourly earnings	\$14.44	\$14.15	2.0
INDIANA			
Manufacturing employment	691,600	692,700	-0.2
Average weekly hours	42.1	42.6	-1.2
Average hourly earnings	\$15.91	\$15.46	2.9
MICHIGAN			
Manufacturing employment	965,100	981,300	-1.7
Average weekly hours	44.2	44.8	-1.3
Average hourly earnings	\$19.27	\$18.64	3.4
OHIO			
Manufacturing employment	1,078,100	1,089,100	-1.0
Average weekly hours	42.9	43.2	-0.7
Average hourly earnings	\$16.81	\$16.41	2.4
WISCONSIN			
Manufacturing employment	615,300	616,600	-0.2
Average weekly hours	42.1	42.3	-0.5
Average hourly earnings	\$14.91	\$14.62	2.0
UNITED STATES			
Manufacturing employment (000)	18,439	18,571	-0.7
Average weekly hours	41.7	41.7	0.0
Average hourly earnings	\$14.49	\$14.11	2.7

NOTE: September 2000 lists preliminary numbers.

Michigan suffering the greatest percentage loss, 1.7 percent. Moreover, in September, production workers in all five states logged in the same or shorter hours, on average, compared with one year ago. With fewer overtime hours, it is not surprising that the percent increase in average earnings kept up with inflation only in Michigan.

Consumer Price Index Percent Change Year-to-Year (not seasonally adjusted)



NOTE: The ten Midwest states include Illinois, Indiana, Iowa, Michigan, Minnesota, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

Employment costs in the Midwest have increased at a slightly higher rate than the nation during the 12-month period ending in September. Total compensation costs, which include wages and benefits, rose 5.0 percent in the Midwest, compared with 4.6 percent nationally during the 12-month period ending in September. After jumping to 4.4 percent in June and then dipping to 3.1 percent in August, consumer prices in the Midwest have returned to the national average of 3.5 in September.

A 17.3-MILLION AUTO YEAR?

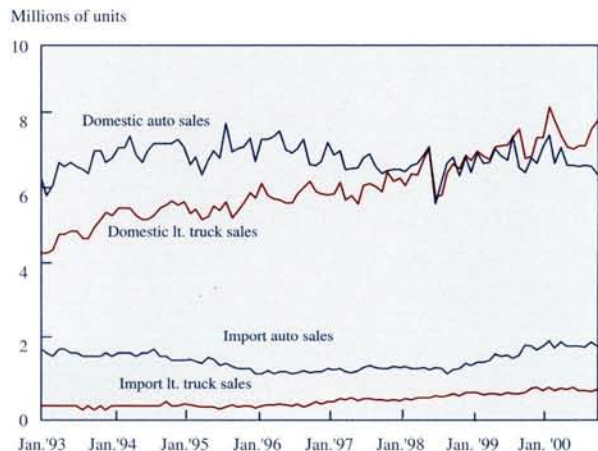
Most auto analysts agree that 2000 will be the best auto year ever, and few see auto sales dropping below 16 million for 2001. Indeed, economists at the University of Michigan are forecasting sales to reach 17.4 million in 2000, 16.6 units in 2001, and then a slight fall to 16.2 in 2002.

In October, auto sales rose at a 16 million unit annual rate. Before October, however, auto and light truck sales had been speeding past the 17 million unit mark for the past 14

months. The push to keep auto sales rolling, however, is starting to affect auto profits. Bank One estimates that the average light truck incentive package is reaching up to \$2,500 per vehicle. Indeed, according to Bank One, new vehicle prices were 0.1 percent lower than 12 months ago, due to generous incentive packages. In addition, several auto companies are not getting the prices they expected on their off-lease vehicles. CNW Marketing Research estimates that the car companies could lose more than \$10 billion in the next couple of years when today's leased vehicles are returned to the dealerships and then resold for amounts well below the expected prices.

To no surprise, auto suppliers are being squeezed by the auto makers. *Ward's Auto World* 2000 survey of auto suppliers found that suppliers believe they are being forced to accept greater design and development responsibility without being fully compensated by the auto makers. Of the suppliers surveyed, 66 percent claimed that car manufacturers are requesting suppliers to deliver complete system or module products, and 34 percent of the suppliers do not think they will be able to recover these costs. Two-thirds of the surveyed suppliers and just over 50 percent of the auto makers agree that the pressure on suppliers to cut costs has only increased in the past year.

U.S. Auto Sales



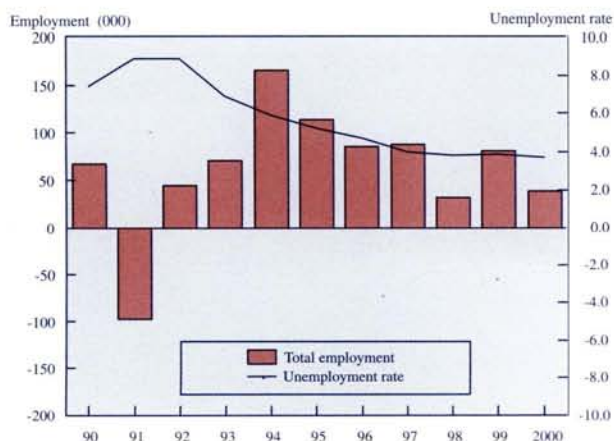
Given the pressure to do more for less money, it is not surprising that only one-third of the surveyed suppliers felt they were financially ready for a downturn. On the other hand, two-thirds of the auto makers think they are financially able to weather a downturn.

THE STATE OF MICHIGAN

The state's economy slowed substantially in the third quarter. Total employment inched up only 0.1 percent during the period, and the state's unemployment rate climbed from 3.2 percent to 3.7 percent. Employment conditions were lackluster across all of the state's major economic sectors during the quarter. Furthermore, the third-quarter readings of all of the statewide economic indicators suggest that the current sluggish employment conditions may hold until the beginning of 2001.

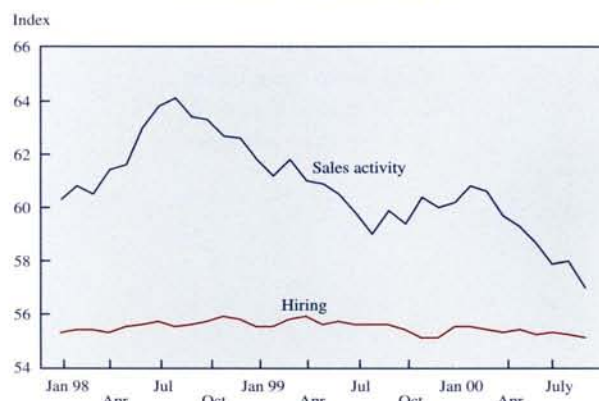
Employment in the state's goods-producing sector remained unchanged in the third quarter, as a 0.5 percent employment increase in construction erased a 0.1 percent decline in the state's manufacturing industries. During the 12-month period ending in September, employers in industrial machinery, transportation equipment, and printing and publishing have all reported employment declines of greater than 1,000 workers. Only furniture makers reported hiring more than 1,000 workers during the 12 months.

Michigan Employment Change and Unemployment Rate
(1990 to present, third quarter to third quarter)



Employment in the state's private service-producing sector rose a scant 0.1 percent in the third quarter, and government employment did not change. The standstill in retail trade employment confirmed trends reported in the monthly survey of the state's retailers conducted by the Michigan Retailers Association in cooperation with the Federal Reserve Bank of Chicago. After reaching its peak in August 1999, retail activity in the state has been on a steady decline, except for a moderate expansion in March and April of 2000. Employment levels have remained steady, according to the survey.

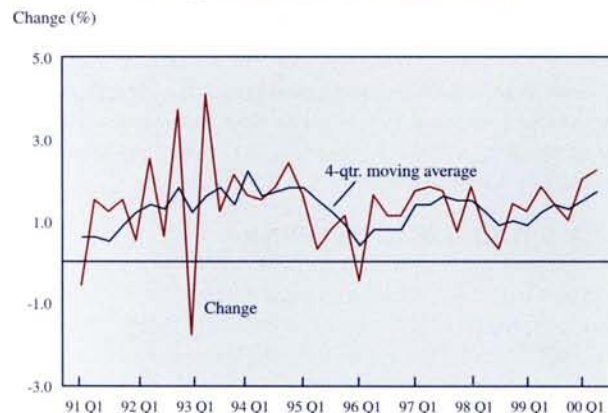
Retail Activity in Michigan



NOTE: Index = % reporting an increase in sales + [0.5 × (% reporting no change)].

Surprisingly, recent retail trends are running counter to the growth in the state's personal income. According to the survey, while retail sales resumed their decline in the second quarter, personal income rose by 2.2 percent on top of a 2.0 percent increase in the first quarter. The second-quarter gain in personal income was the strongest since the fourth quarter of 1994. The four-quarter moving average of personal income has been on the increase since the first quarter of 1999.

Michigan Personal Income Growth



Unfortunately, all of the state's leading indicators suggest that sluggish employment conditions will continue in the coming months. The Detroit and west Michigan composite Indexes of Help-Wanted Advertising fell in the third quarter, 6.1 percent and 2.8 percent, respectively, indicating that lackluster employment conditions will hold in the state's service-producing sector in the coming months. In addition, the statewide Index of Leading Indicators fell 3.9 percent with all three statewide components of the index turned south, suggesting that manufacturing employment will continue to decline in the coming months.

Michigan Statistics
(seasonally adjusted)

Measure	2000 Q3	2000 Q2	Percent change Q2 to Q3	1999 Q3	Percent change Q3 to Q3
Employment (by place of work)					
Total employment	4,602,540	4,599,360	0.1	4,563,200	0.9
Goods-producing	1,164,660	1,164,860	0.0	1,171,360	-0.6
Construction & mining	195,410	194,460	0.5	191,440	2.1
Manufacturing	969,240	970,400	-0.1	979,920	-1.1
Durable goods	735,710	736,600	-0.1	742,830	-1.0
Nondurable goods	233,530	233,810	-0.1	237,090	-1.5
Private service-producing	2,756,410	2,752,910	0.1	2,723,710	1.2
Transportation & pub. utilities	178,300	178,430	-0.1	176,730	0.9
Wholesale trade	235,990	234,780	0.5	233,360	1.1
Retail trade	849,810	849,490	0.0	840,410	1.1
Finance, insurance & real estate	207,050	207,120	0.0	209,320	-1.1
Services	1,285,260	1,283,090	0.2	1,263,900	1.7
Government	681,480	681,600	0.0	668,130	2.0
Unemployment					
Number unemployed	189,820	164,080	15.7	171,750	10.5
Unemployment rate (%)	3.7	3.2	17.1	3.4	9.5
State indexes					
Help-wanted ads:					
Detroit	123	131	-6.1	152	-19.1
West Michigan (2 MSAs)	130	133	-2.8	141	-7.7
Leading indicators	115	119	-3.9	117	-2.0
Local components:					
Average weekly hours	43.7	44.3	-1.3	44.4	-1.6
UI initial claims	11,688	11,191	4.4	11,295	3.5
New dwelling units ^a	46,351	49,915	-7.1	44,790	3.5

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, Detroit Help-Wanted Index from The Conference Board, and employment data from the Michigan Employment Service Agency.

NOTE: Categories may not sum to total due to rounding.

^aSeasonally adjusted annual rates.

Michigan Industry Employment Change by Place of Work
Third Quarter to Third Quarter
(not seasonally adjusted)

Industry	2000 Q3	1999 Q3	Percent change	Industry	2000 Q3	1999 Q3	Percent change
Goods-producing	1,184,500	1,190,500	-0.5	Auto dealers & serv. stations	87,667	87,067	0.7
Lumber & wood products	19,433	18,800	3.4	Apparel & accessory stores	33,233	33,200	0.1
Furniture & fixtures	44,400	43,200	2.8	Home furn. & equip. stores	36,867	35,633	3.5
Primary metals	37,900	37,767	0.4	Eating & drinking places	305,233	299,633	1.9
Fabricated metals	128,500	128,000	0.4	Business services	331,467	317,200	4.5
Industrial machinery	126,700	131,733	-3.8	Health services	354,667	358,000	-0.9
Electronic equipment	37,033	36,633	1.1	Private educational services	41,867	39,600	5.7
Transportation equipment	290,933	294,767	-1.3	Social services	89,333	87,233	2.4
Food & kindred products	41,100	41,500	-1.0	Government	638,000	624,967	2.1
Apparel	18,067	18,967	-4.7	Federal	60,033	57,200	5.0
Paper & allied products	20,500	20,433	0.3	State	161,767	163,167	-0.9
Printing & publishing	41,300	42,467	-2.7	Local	416,200	404,600	2.9
Plastics & rubber	67,267	66,400	1.3	Local gov't health services	13,633	13,167	3.5
Private service-producing	2,776,100	2,744,267	1.2	Local gov't education	224,333	217,733	3.0
General merchandise stores	132,533	132,133	0.3				
Food stores	106,433	107,200	-0.7				

SOURCE: Michigan Employment Service Agency.

WEST MICHIGAN ECONOMY

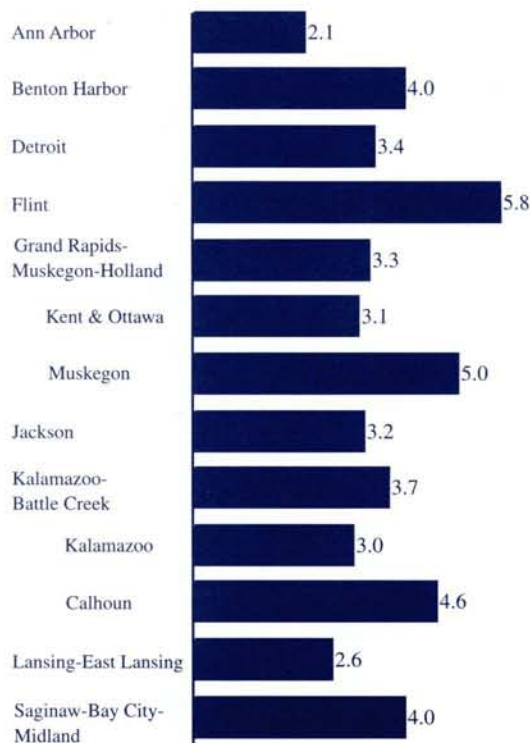
Total employment rose 0.4 percent in the three metropolitan areas of west Michigan during the third quarter. Except for government, employers added workers in all of the region's major economic sectors. The region's unemployment rate stood at 3.4 percent in the quarter, up only slightly from 3.3 percent in the previous quarter. Unfortunately, all of the region's economic indexes are pointing south, suggesting that employment growth will be lackluster in the final months of the year.

STATEWIDE COMPARISONS

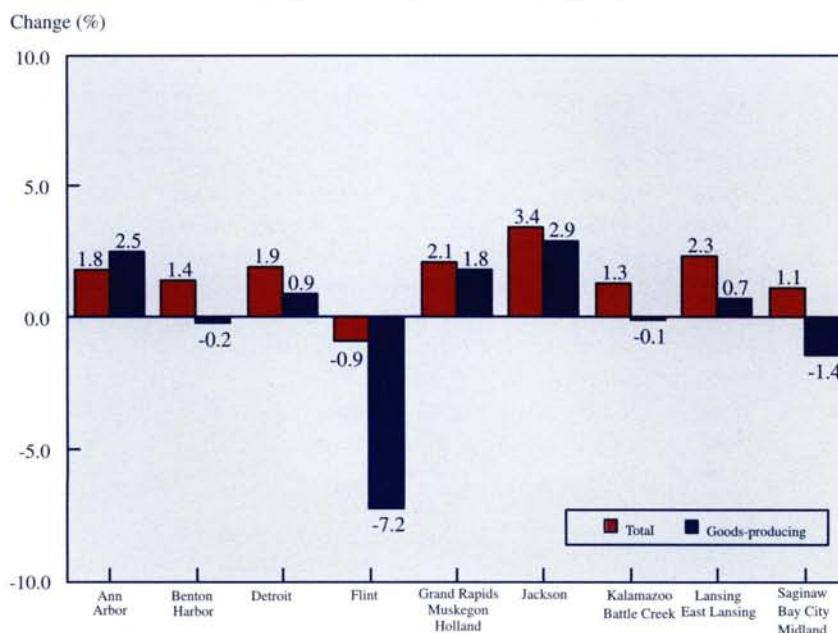
Jackson was the sole metropolitan area in the state that experienced greater than 3 percent employment growth during the four-quarter period ending in September. Its total employment gain of 3.4 percent was pushed by a robust 2.9 percent jump in employment in its goods-producing sector. Grand Rapids-Holland-Muskegon and Lansing-East Lansing were the only two metropolitan areas that achieved between 2–3 percent growth in the period. During the previous second-quarter-to-second-quarter period, five metropolitan areas had achieved greater than 2 percent growth.

Another indicator of a statewide slowdown in the economy is that the unemployment rates in all of the metropolitan areas in the state were higher in the third quarter than they were in the previous second quarter. During the second quarter, only Flint had an unemployment rate that was equal to or above that of the nation. In the third quarter, the

**Michigan Metropolitan Area
Third Quarter Unemployment Rates**
(%, seasonally adjusted)



Metropolitan Comparison: Percent Change in Employment
1999 Q3 to 2000 Q3 (seasonally adjusted)



unemployment rates of Benton Harbor and Saginaw-Bay City-Midland reached the national average, and the unemployment rates of the submetropolitan areas of Muskegon County and Calhoun County (Battle Creek) stood above the national rate of 4.0 percent.

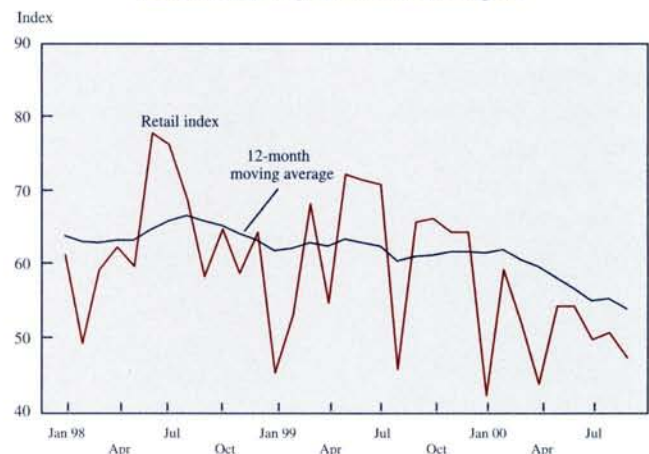
WEST MICHIGAN ECONOMY SLOWING DOWN

Employment growth has slowed in the three metropolitan areas of west Michigan. Total employment increased only 0.4 percent during the third quarter, down from its 0.7 percent gain recorded in the previous second quarter. Still, all of the major private economic sectors of west Michigan recorded employment gains. Employment in the goods-producing sectors was up 0.3 percent, with solid gains recorded in durable goods manufacturing. The area's nondurable goods manufacturers reported a minor 0.1 percent contraction in employment for the quarter, and construction employment was flat.

The strength of the region's economy depends upon the competitiveness of its core industries. Therefore, it is noteworthy that approximately 75 auto suppliers met in Grand Rapids to explore the potential of a possible Michigan Advanced Center for Automotive Testing (MAdCAT) facility that could be jointly used by the region's suppliers to evaluate and test their products using state-of-the-art equipment. The facility would be operated by Siemens Corporation and Svedrup Technology Inc., which run a similar center in the greater Detroit area. A final decision on

whether to build the estimated \$200 million center will not be made for several months.

Retail Activity in West Michigan



NOTE: Index = % reporting an increase in sales + $[0.5 \times (\% \text{ reporting no change})]$.

All of the region's economic indicators turned negative in the third quarter, suggesting that the region's economy may slow even further in the final quarter of the year. The composite Index of Help-Wanted Advertising dropped by 2.8 percent during the quarter, and the region's Index of Leading Indicators was down by 4.5 percent. All three of the regional components of the Index softened in the quarter: production employees worked shorter hours, new claims for unemployment insurance were up, and the number of dwelling units put under contract fell.

Major Economic Developments

Battle Creek Area

Yorozu Automotive North America Inc. announced that it is building a manufacturing facility in Battle Creek that will employ 160–200 workers when in full operation.

Duncan Aviation announced plans to add 662 jobs at its W.K. Kellogg Airport facility over the next 10 years.

BorgWarner Cooling Systems is building a new facility in Marshall that will employ 59 new employees.

Rosler Metal Finishing USA broke ground on its Battle Creek facility, which will employ 30 workers within two years.

Benton Harbor Area

CME North American Merchant Energy LLC announced plans to build a \$400 million gas-powered electricity generating plant near Benton Harbor.

The Institute of Gas Technology and Sempra Energy Solutions revealed their plans to build a state-of-the-art cement plant in Benton Harbor, which could employ 150 workers.

Indeck Energy Services Inc. has proposed the construction of a \$500 million power plant in Niles.

Duke Energy North America announced plans to construct a \$230 million natural gas-fired power plant in Baroda Township.

Dawson Manufacturing Co. is constructing an \$8 million addition to its plant in Benton Harbor, which will employ 50 additional workers.

Grand Rapids-Holland Area

Haworth Inc. announced that it will locate its new headquarters and production facility in Holland and will create an estimated 455 new jobs in the Holland area upon completion. In a separate announcement, Haworth Inc. said that it will add 144 more production workers.

Hydro Automotive is building a new corporate headquarters, administrative building, and test facility in Holland and will increase its workforce by 122 workers.

Coca-Cola Bottling plans to move nearly 300 jobs to its plant in Grand Rapids as it consolidates its operations in the region.

Amway has changed its name to Alticor Inc. in a major restructuring move. The Amway name will survive as a one of the four subsidiaries of the new company.

Kalamazoo Area

Plainwell Paper in Allegan County closed, eliminating 291 employees.

Tower Automotive closed its Kalamazoo plant, laying off 375 workers.

Leiner Health Products closed its local production plant, eliminating 70 jobs.

Muskegon Area

Sappi will retain and improve its pulp mill, saving 100 positions at the plant; however, at the same time the paper company may lay off 125 workers.

West Michigan (3 MSAs) Statistics
(seasonally adjusted)

Measure	2000 Q3	2000 Q2	Percent change Q2 to Q3	1999 Q3	Percent change Q3 to Q3
Employment (by place of work)					
Total employment	883,420	880,210	0.4	867,390	1.8
Goods-producing	271,000	270,320	0.3	267,890	1.2
Construction & mining	39,790	39,780	0.0	38,900	2.3
Manufacturing	231,210	230,540	0.3	228,990	1.0
Durable goods	150,410	149,680	0.5	148,040	1.6
Nondurable goods	80,800	80,860	-0.1	80,950	-0.2
Private service-producing	510,940	507,510	0.7	498,590	2.5
Transportation & pub. utilities	32,540	32,340	0.6	31,600	3.0
Wholesale trade	51,260	50,750	1.0	49,490	3.6
Retail trade	165,700	165,150	0.3	161,910	2.3
Finance, ins. & real estate	36,140	35,900	0.7	35,470	1.9
Services	225,300	223,380	0.9	220,130	2.3
Government	101,470	102,380	-0.9	100,910	0.6
Unemployment					
Number unemployed	29,494	24,860	18.6	25,479	15.8
Unemployment rate (%)	3.4	3.3	3.0	3.0	13.3
Local indexes					
Help-wanted ads (2 MSAs)	130	133	-2.8	141	-7.7
Leading indicators	111	116	-4.5	116	-4.2
Average weekly hours	42.2	42.5	-0.8	42.3	-0.2
UI initial claims	1,749	1,691	3.4	1,526	14.6
New dwelling units ^a	7,778	9,594	-18.9	8,427	-7.7

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, ad count from four major daily newspapers, and employment data from the Michigan Employment Service Agency.

NOTE: Categories may not sum to total due to rounding.

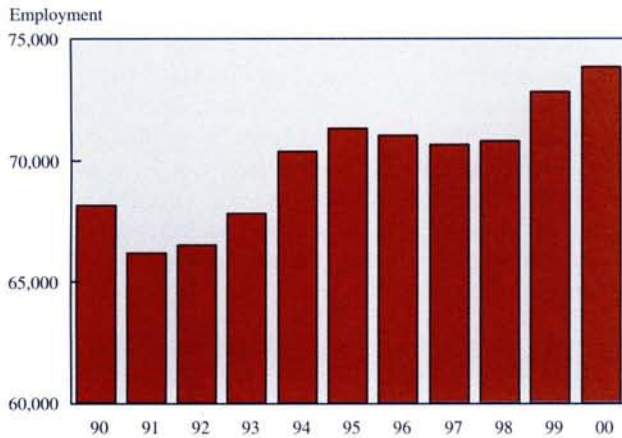
^aSeasonally adjusted annual rates; does not include Allegan County or Van Buren County.

West Michigan (3 MSAs) Industry Employment Change by Place of Work
Third Quarter to Third Quarter
(not seasonally adjusted)

Industry	2000 Q3	1999 Q3	Percent change	Industry	2000 Q3	1999 Q3	Percent change
Goods-producing	273,900	270,700	1.2	Private service-producing	513,400	501,167	2.4
Primary metals	9,933	9,733	2.1	Health services	62,633	62,233	0.6
Fabricated metals	30,200	29,833	1.2				
Industrial machinery	31,900	31,667	0.7	Government	94,300	93,633	0.7
Food & kindred products	17,233	17,433	-1.1	Federal	10,233	9,900	3.4
Printing & publishing	10,700	10,900	-1.8	State	13,933	14,633	-4.8
Plastics & rubber	16,700	16,333	2.2	Local	70,133	69,100	1.5

SOURCE: Michigan Employment Service Agency.

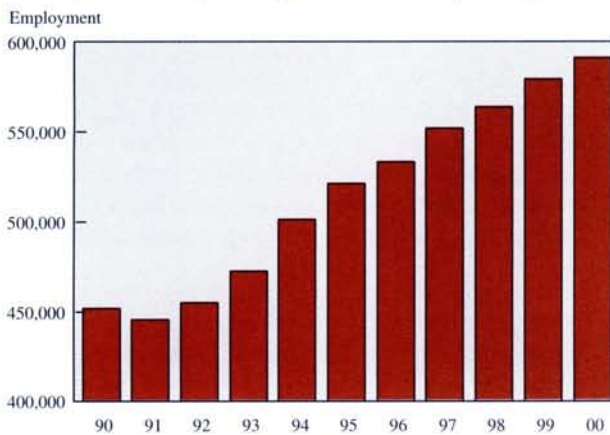
Benton Harbor MSA
Total Employment (by place of work)
(1990–2000, third quarter to third quarter)



Benton Harbor MSA

Employment in the single-county MSA has been on the increase during the past two years after being flat from 1995 to 1998. Employment rose by 1.4 percent during the four-quarters ending in September of this year, and by 2.9 percent during the same period in 1999.

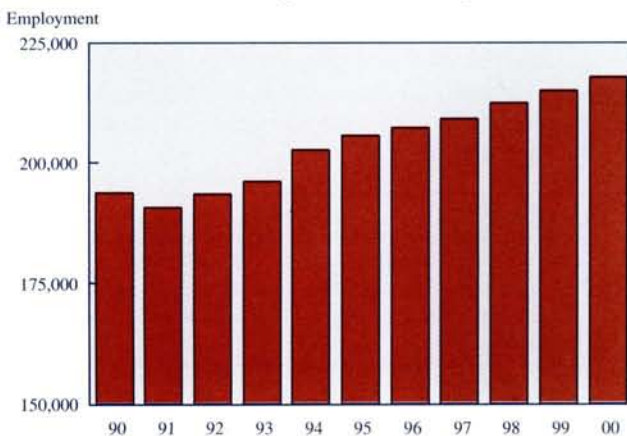
Grand Rapids-Muskegon-Holland MSA
Total Employment (by place of work)
(1990–2000, third quarter to third quarter)



Grand Rapids-Muskegon-Holland MSA

Employment has increased every year in the four-county MSA from 1991 to the present at a robust average annual rate of 3.2 percent. During the most recent four-quarter period, employment increased by a moderate 2.1 percent, which is still well above the state and national performance.

Kalamazoo-Battle Creek MSA
Total Employment (by place of work)
(1990–2000, third quarter to third quarter)



Kalamazoo-Battle Creek MSA

Since 1991, employment in the three-county MSA increased at a steady 1.5 percent annualized rate. In the latest four-quarter period, employment was up 1.3 percent. The metropolitan area's moderate employment gains are somewhat impressive given that the area has been hit with substantial employment reductions by several of its major employers, including the closing of the Kalamazoo County General Motors plant in 1999.

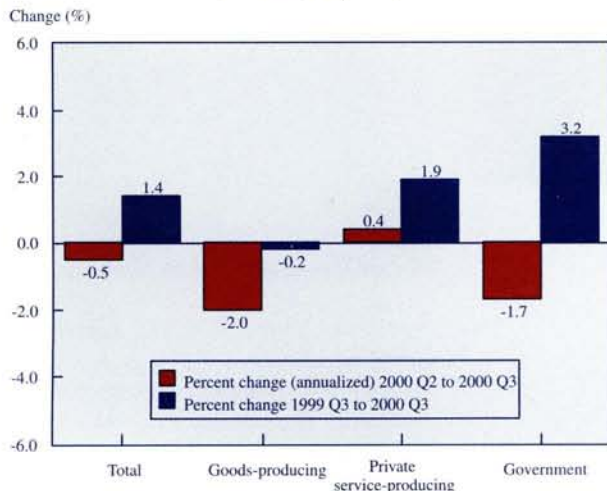
BENTON HARBOR MSA

Total employment declined slightly by 0.1 percent during the third quarter in Berrien County, with sluggish employment conditions being reported across nearly all of its major economic sectors. Not surprisingly, the county's unemployment rate rose during the period to 4.0 percent, just above the national rate. While recent business reports are positive, the area's economic indicator suggests that the current lackluster economic environment will hold until the end of the year.

Employment in the county's goods-producing sector was down 0.5 percent during the quarter, despite a 0.4 percent employment gain in construction. Residential construction was up in the quarter, as the number of new dwelling units put under contract rose by 7.9 percent.

Three major power plant construction projects have been announced in the county to take advantage of the county's excellent existing electric power and natural gas infrastructure. CME North American Merchant Energy LLC presented their plans for the construction of a \$400 million gas-powered plant in Benton Township. Indeck Energy Services Inc. announced their plans to build a \$500 million plant in Niles. Finally, Duke Energy North America intends to build a \$230 million natural gas-fired power plant in Baroda Township.

Benton Harbor MSA Employment Growth
(seasonally adjusted)



Manufacturing employment fell 0.6 percent during the quarter, or at an annualized rate of decline of 2.4 percent. Employment declines occurred in both the county's durable

and nondurable goods-producing sectors. During the past four quarters, employment in the county's printing and publishing industry fell by 100 workers, or 6.7 percent, and more than 200 jobs were eliminated by its plastics manufacturers. Despite the 0.5 percent decline in the county's durable goods-producing industry in the third quarter, employers in the county's primary metals and industrial machinery industries in fact increased their workforces during the past four-quarter period.

Current business reports counter these sluggish statistics, however. Dawson Manufacturing Company, a rubber mold maker, is in the process of expanding its Benton Harbor facility and will add up to 50 workers to its current staff of 115 upon completion. In addition, the Institute of Gas Technology and Semptra Energy Solutions announced their tentative plans for an innovative cement plant that recycles waste materials, which could bring 150 jobs into the area.

Employment in the county's private service-producing sector inched up only 0.1 percent in the third quarter, but its annualized employment growth rate of 0.4 percent was well below its 1.9 percent employment gain for the last four quarters. Employment gains in the public utilities and the wholesale trade industries offset declines in the finance, insurance, and real estate industry and the larger services industry.

Due to the lack of job growth in the county, the area's unemployment rate rose to 4.0 percent in the quarter from 3.3 percent in the previous quarter. The number of persons looking for work increased by 23.5 percent during the quarter. Four hundred more individuals are unemployed in the county than a year ago.

The area's Index of Leading Indicators suggests that employment conditions will remain lackluster in the final months of the year as it fell 4.9 percent during the quarter. The Index has declined 11.1 percent during the past four quarters. In the third quarter, average weekly hours logged in by the area's production workers fell 2.3 percent, and the number of new claims for unemployment insurance was up 14.7 percent.

Correction

In the September issue of *Business Outlook*, we mistakenly reported that Shoreline Bank merged with Cleveland Financial Corporation. Shoreline Bank is in the midst of merger discussions with Chemical Financial Corporation in Midland, Michigan.

Benton Harbor MSA
(seasonally adjusted)

Measure	2000 Q3	2000 Q2	Percent change Q2 to Q3	1999 Q3	Percent change Q3 to Q3
Employment (by place of work)					
Total employment	73,850	73,950	-0.1	72,820	1.4
Goods-producing	22,100	22,210	-0.5	22,140	-0.2
Private service-producing	42,410	42,370	0.1	41,630	1.9
Government	9,340	9,380	-0.4	9,050	3.2
Unemployment					
Number unemployed	3,420	2,770	23.5	3,020	13.2
Unemployment rate (%)	4.0	3.3	23.9	3.6	11.3
Local indexes					
Leading indicators	102	107	-4.9	115	-11.1
Average weekly hours	42.0	43.0	-2.3	43.1	-2.5
UI initial claims	269	235	14.7	154	75.1
New dwelling units ^a	441	409	7.9	457	-3.4

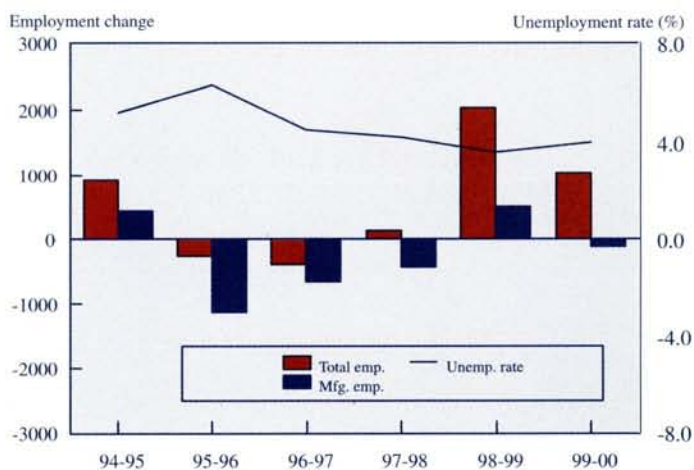
SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and employment data from the Michigan Employment Service Agency.

NOTE: Categories may not sum to total due to rounding.

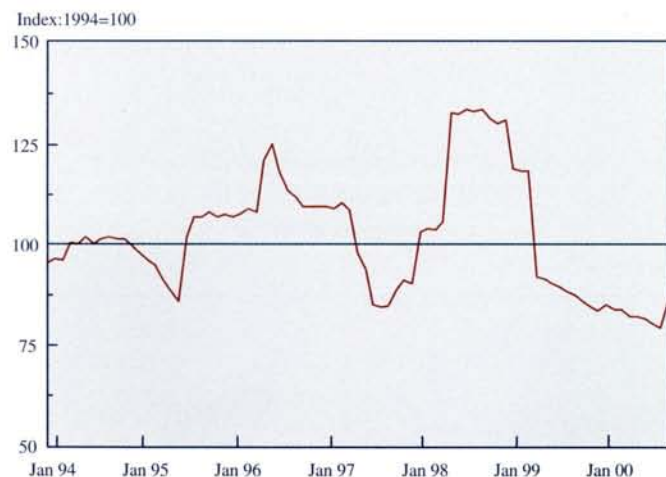
^aSeasonally adjusted annual rates.

For more detailed employment information,
please see the appendix tables on p. 24.

**Area's Annual Unemployment Rate and
Change in Employment**
(third quarter to third quarter)



**Number of Residential Units Put under Contract
in Berrien County**
(12-month running average)



SOURCE: F.W. Dodge McGraw-Hill Construction Information Group.
For more information call 1-800-591-4462.

GRAND RAPIDS-MUSKEGON-HOLLAND MSA

Total employment rose 0.5 percent in the four-county area during the third quarter. With the sole exception of government, employers reported job gains across all of the area's major economic sectors. Despite the area's positive performance, its unemployment rate increased to 3.3 percent. In addition, area economic indicators suggest that its economy may slow in the closing months of the year.

Employment in the area's goods-producing sector rose 0.4 percent, or a 1.8 percent annual rate in the third quarter, matching its 1.8 percent increase for the previous four quarters. Construction employment rose only 0.2 percent in the quarter, but has increased 2.3 percent during the past year.

Manufacturing employment rose 0.5 percent in third quarter, with gains reported among durable goods and non-durable goods producers alike. During the quarter, manufacturing employment grew at a 1.9 percent annualized rate, a slight increase from the 1.7 percent increase recorded in the past four quarters. During this four-quarter period, all of the area's major industries reported employment gains.

Nationwide, the office furniture industry is experiencing a very strong year. Business and Institutional Furniture Manufacturer's Association (BIFMA) announced that U.S. office furniture shipments nationwide were up 10 percent during the first seven months of the year, its largest increase ever. These high volumes have forced BIFMA to up its projection of sales for calendar year 2000 from 6.0 percent to 9.0 percent. In 1999, sales rose only 0.9 percent.

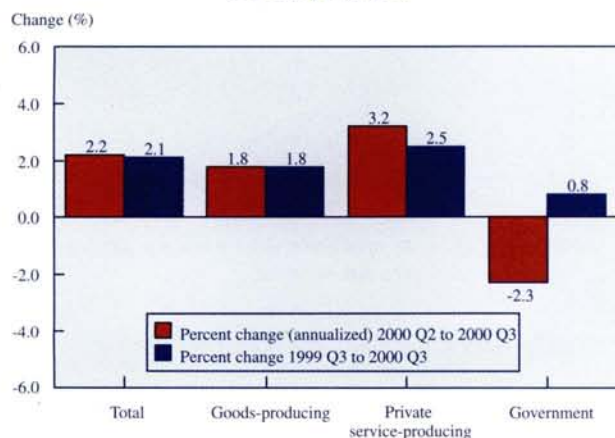
Employment in the area's private service-producing sector rose 0.8 percent during the third quarter, with all industries reporting employment gains. Employment among the area's retailers trailed the region's other private service-producing regional industries during the quarter. This may be the result of a slowdown in regional retail activity (see page 10), but it may also reflect the employment adjustments resulting from the opening of the large RiverTown Crossings Mall complex in Grandville.

The region's health care industry, which employs 40,000 workers and grew by 1.1 percent in the past year, became more integrated, as Spectrum Health of Grand Rapids has entered into an affiliation agreement with Muskegon's Hackley Hospital. Spectrum, which employs 10,500 workers, will oversee Hackley's annual budget and capital expenditures plan, but the Muskegon hospital will continue to manage its daily operations.

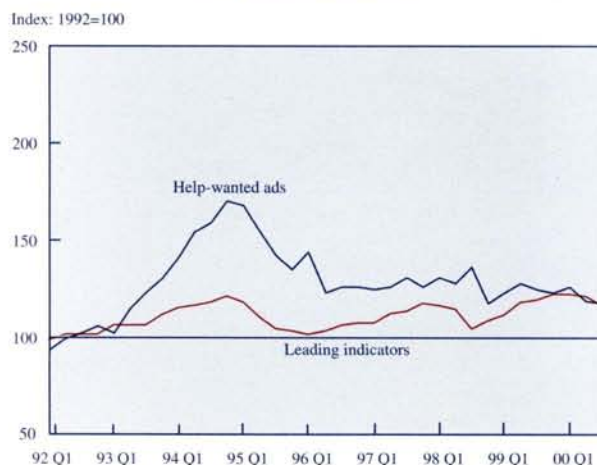
Despite the fact that 3,190 jobs were created in the four-county metropolitan area during the third quarter, the number of unemployed workers grew by 15.1 percent, or by nearly 2,700 individuals. As a result, the area's unemployment rate increased to 3.3 percent, which is still well below the national rate. The area's robust employment growth is apparently attracting job seekers into the area and enticing more residents to enter the labor force.

The area's economy may slow in the final months of the year, however. Both the area's Index of Help-Wanted Advertising and Index of Leading Indicators fell during the quarter.

**Grand Rapids-Muskegon-Holland MSA
Employment Growth
(seasonally adjusted)**



**Grand Rapids-Muskegon-Holland MSA
Employment Indexes**



Grand Rapids-Muskegon-Holland MSA
(seasonally adjusted)

Measure	2000 Q3	2000 Q2	Percent change Q2 to Q3	1999 Q3	Percent change Q3 to Q3
Employment (by place of work)					
Total employment	591,790	588,600	0.5	579,570	2.1
Goods-producing	191,310	190,460	0.4	188,010	1.8
Private service-producing	343,170	340,470	0.8	334,670	2.5
Government	57,320	57,660	-0.6	56,880	0.8
Unemployment					
Number unemployed	20,520	17,830	15.1	17,620	16.5
Unemployment rate (%)	3.3	2.9	14.2	2.9	15.1
Local indexes					
Help-wanted ads	118	120	-2.0	125	-5.9
Leading indicators	116	120	-3.4	120	-2.8
Average weekly hours	42.3	42.5	-0.6	41.9	0.9
UI initial claims	811	875	-7.3	831	-2.4
New dwelling units ^a	5,605	6,387	-12.2	6,071	-7.7

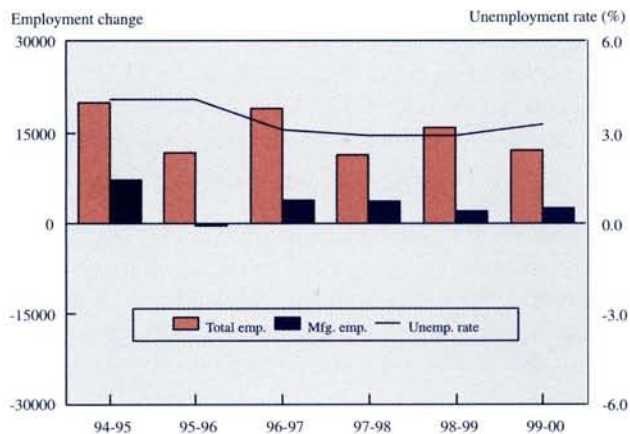
SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and employment data from the Michigan Employment Service Agency.

NOTE: Categories may not sum to total due to rounding.

^aSeasonally adjusted annual rates; does not include Allegan County.

For more detailed employment information,
please see the appendix tables on p. 25.

**Area's Annual Unemployment Rate and
Change in Employment
(third quarter to third quarter)**



**Number of Residential Units Put under Contract
(12-month running average)**



SOURCE: F.W. Dodge McGraw-Hill Construction Information Group. For more information call 1-800-591-4462.

Grand Rapids-Holland Area (Kent and Ottawa counties)

Total employment rose an estimated 0.5 percent in Kent and Ottawa counties during the third quarter, while the number of employed residents increased only 0.1 percent. The slow rate of employment growth among the area's residents contributed to its unemployment rate rising from 2.7 to 3.1 percent in the third quarter. The area's economic indicators softened in the third quarter, suggesting that employment growth may be sluggish in the final months of the year.

Employment in the two-county area's goods-producing sectors rose 0.4 percent in the third quarter and increased by an estimated 1.8 percent for the last year. Recent business reports regarding the area's furniture and auto industries have been positive. Haworth announced that it is locating its new \$17 million headquarters and production facility in Holland, creating 455 new jobs. In a separate announcement, the office furniture company also said that it will hire as many as 140 workers to meet its growing orders. In the area's auto supplier sector, Hydro-Automotive announced a \$36 million expansion of its Holland aluminum bumper beams plant which will result in an increase of 122 workers. In addition, Benteler is adding 50 jobs at its Grand Rapids plant.

Amway changed its name to Alticor but kept the Amway name as one of four subsidiaries of the new company along with the Internet-based Quixtar Corp. No additional job cuts are expected as a result of the corporate restructuring. Locally, the direct marketer has eliminated approximately 20 percent of its workforce over the last two years.

Employment in the area's private service-producing sector rose an estimated 0.8 percent, and government employment was down 0.7 percent in the third quarter.

While area employers added more than 2,600 jobs during the past quarter, the number of employed residents rose by nearly 600 individuals, suggesting that many of the new job openings are being taken by individuals commuting into the two-county area. The lack of employment growth among the area's residents also contributed to its rising unemployment rate.

The area's economic indicators were generally down during the quarter, suggesting more stagnant conditions. The only positive indicator in the quarter was a slight fall in the number of new claims for unemployment insurance.

Muskegon Area (Muskegon County)

Total employment increased an estimated 0.5 percent in Muskegon County during the third quarter. However, the area's unemployment rate still rose to 5.0 percent during the quarter, due in large part to the number of employed residents growing by just 0.1 percent. The third-quarter reading of the area's economic indicators suggests that employment conditions will continue to be soft during the final months of the year.

Employment in the county's goods-producing sector rose an estimated 0.4 percent in the third quarter. After months of study, Sappi has decided to spend nearly \$30 million to upgrade its pulp-making operations in Muskegon, which will preserve 100 jobs. The decision is welcomed by the region's woodlands owners and harvesters. Sappi announced later, however, that it plans to cut as many as 125 workers from its workforce due to the inability of management and labor to agree on an early retirement program that could have trimmed the plant labor force voluntarily.

Employment in the county's private service-producing sector rose an estimated 0.8 percent in the third quarter, while government employment fell by an estimated 0.3 percent.

Despite the 0.5 percent increase in employment by place of work, the number of employed county residents rose only 0.1 percent. These estimates suggest that many of the new job openings are being filled by workers commuting into the county. At the same time, the county's civilian labor force grew by 0.7 percent in the quarter. As a result, the number of unemployed residents in the county rose by more than 20 percent, and its unemployment climbed to 5.0 percent.

Unfortunately, the third-quarter reading of the county's economic indicators suggests that the area's unemployment rate may remain at 5.0 percent for the rest of the year. The area's Index of Help-Wanted Advertising slipped down 1.6 percent in the quarter, and the number of initial claims for unemployment insurance rose 5.4 percent. Finally, the number of new dwelling units put under contract fell by 5.4 percent.

Grand Rapids-Holland Area

(seasonally adjusted)

Measure	2000 Q3	2000 Q2	Percent change Q2 to Q3	1999 Q3	Percent change Q3 to Q3
Total employment (by place of work)	477,210	474,600	0.5	467,110	2.2
Goods-producing	150,020	149,360	0.4	147,350	1.8
Service-producing	285,570	283,330	0.8	278,470	2.5
Government	41,620	41,910	-0.7	41,290	0.8
Employment (by place of residence)	459,286	458,710	0.1	458,336	0.2
Unemployment	14,657	12,500	17.3	12,580	16.5
Unemployment rate	3.1	2.7	16.1	2.7	15.7
Indicators					
Help-wanted ads	117	119	-2.3	124	-5.7
UI claims	576	586	-1.7	548	5.1
New dwelling units ^a	4,746	5,472	-13.3	5,112	-7.2
Purchasing Management Index (PMI)	Latest month		Previous month		
	47.5 (November)		48.9 (October)		

NOTE: PMI = % positive + $[0.5 \times (\% \text{ no change})]$.

^aSeasonally adjusted annual rates.

Muskegon Area

(seasonally adjusted)

Measure	2000 Q3	2000 Q2	Percent change Q2 to Q3	1999 Q3	Percent change Q3 to Q3
Total employment (by place of work)	69,540	69,200	0.5	68,170	2.0
Goods-producing	19,980	19,910	0.4	19,640	1.7
Service-producing	39,800	39,500	0.8	38,840	2.5
Government	9,760	9,790	-0.3	9,690	0.7
Employment (by place of residence)	81,862	81,800	0.1	82,284	-0.5
Unemployment	4,316	3,550	21.6	3,633	18.8
Unemployment rate	5.0	4.2	19.0	4.2	18.1
Indicators					
Help-wanted ads	124	126	-1.6	134	-7.5
UI claims	308	292	5.4	283	8.5
New dwelling units ^a	864	914	-5.4	964	-10.3

^aSeasonally adjusted annual rates.

KALAMAZOO-BATTLE CREEK MSA

Total employment rose only 0.2 percent during the third quarter, or a 0.6 percent annual rate, in the three-county metropolitan area. In comparison, total employment rose 1.3 percent in the four-quarter period ending in the third quarter. The lack of significant employment growth in the area contributed to the rise in its unemployment rate to 3.7 percent during the quarter. All of the area's economic indicators were down during the quarter, suggesting that lackluster employment conditions will likely hold until the new year.

Employment in the area's goods-producing sectors was up just 0.2 percent in the third quarter due to a 0.4 percent decline in construction employment. Manufacturing employment rose 0.3 percent in the quarter, due to a large 1.3 percent jump in durable goods employment.

During the most recent four-quarter period, employment fell in the area's major manufacturing industries. First-of-the-year job cuts at Kellogg contributed to the 6.9 percent decline in food product employment during the four-quarter period. Kellogg recently announced that it is eliminating another 75 salaried employees. However, employment losses also occurred in printing and publishing, a loss of 233 jobs; chemicals, a loss of 167 jobs; and paper, a loss of 67 jobs. On the plus side, the area's plastics producers and industrial machinery manufacturers each added 100 workers.

During the past three months, the greater area has been hit with three major closures in its paper industry. Mead

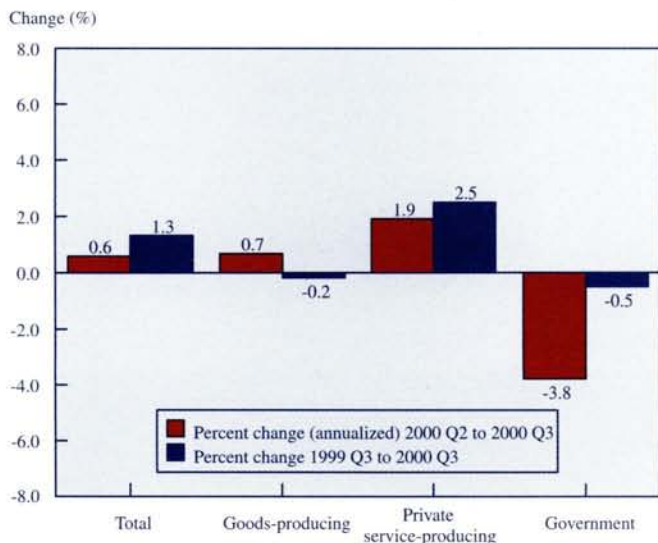
Products and Crown Vantage each closed their Kalamazoo County plants, eliminating a total of 430 jobs. In addition, Plainwell Paper in Allegan County (which is officially in the Grand Rapids-Muskegon-Holland MSA) closed, eliminating 290 jobs. Old equipment, the dependency on market-rate pulp products and recycled paper stock, excess capacity, and stiff global competition all played a part in these closings.

Employment in the area's private service-producing sector rose by 0.5 percent during the third quarter. All of the major service industries reported employment gains, except for the area's retailers. Government employment was down by 1.0 percent in the quarter.

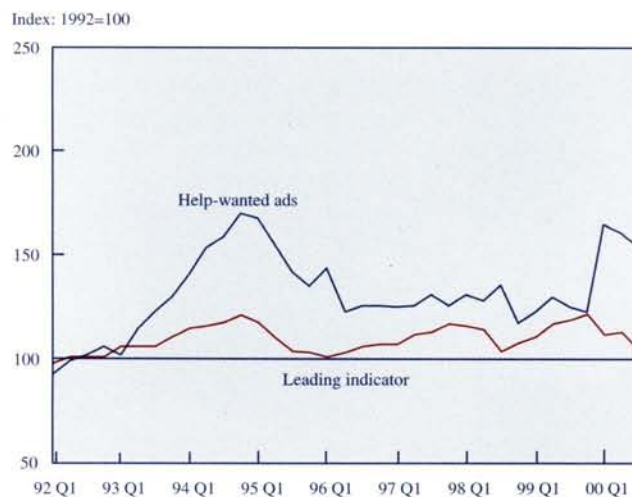
With only 350 newly created jobs in the quarter, it is not surprising that the area's unemployment rate rose to 3.7 percent, which is still below the national rate. The number of persons unemployed and looking for work rose by 15.6 percent in the quarter.

All of the local indicators softened in the quarter, suggesting weak employment conditions in the coming months. The area's Index of Help-Wanted Advertising fell by 3.2 percent, indicating lackluster conditions in the area's service sectors. Meanwhile its Index of Leading Indicators, which monitors employment conditions in the area's goods-producing industries, dropped by 6.5 percent, with all three of the local components of the index deteriorating in the quarter.

**Kalamazoo-Battle Creek MSA
Employment Growth
(seasonally adjusted)**



**Kalamazoo-Battle Creek MSA
Employment Indexes**



Kalamazoo-Battle Creek MSA

(seasonally adjusted)

Measure	2000 Q3	2000 Q2	Percent change Q2 to Q3	1999 Q3	Percent change Q3 to Q3
Employment (by place of work)					
Total employment	217,880	217,530	0.2	215,090	1.3
Goods-producing	57,710	57,610	0.2	57,800	-0.2
Private service-producing	125,290	124,710	0.5	122,240	2.5
Government	34,870	35,210	-1.0	35,050	-0.5
Unemployment					
Number unemployed	8,740	7,560	15.6	7,640	14.4
Unemployment rate	3.7	3.2	15.3	3.3	11.9
Local indexes					
Help-wanted ads	154	159	-3.2	173	-10.7
Leading indicators	104	112	-6.5	110	-4.8
Average weekly hours	41.8	42.4	-1.3	43.3	-3.5
UI initial claims	603	572	5.3	534	13.0
New dwelling units ^a	1,655	2,966	-44.2	1,822	-9.1

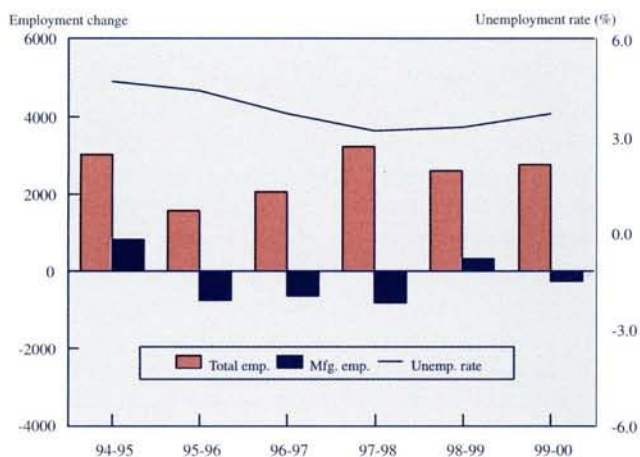
SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and employment data from the Michigan Employment Service Agency.

NOTE: Categories may not sum to total due to rounding.

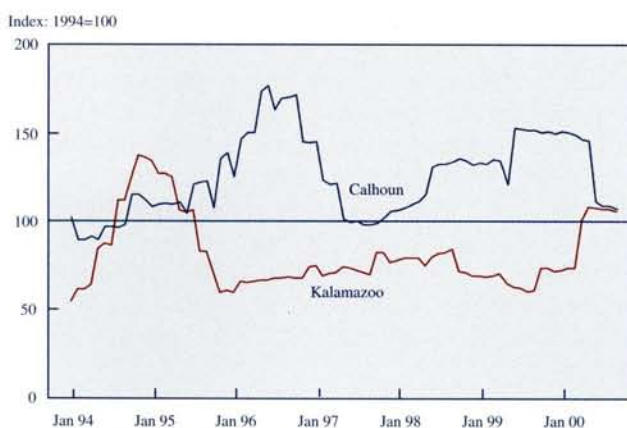
^aSeasonally adjusted annual rates; does not include Van Buren County.

For more detailed employment information,
please see the appendix tables on p. 26.

**Area's Annual Unemployment Rate and
Change in Employment**
(third quarter to third quarter)



Number of Residential Units Put under Contract
(12-month running average, 1994=100)



SOURCE: F.W. Dodge McGraw-Hill Construction Information Group.
For more information call 1-800-591-4462.

Kalamazoo Area (Kalamazoo County)

Total employment by place of work rose only an estimated 0.2 percent during the third quarter in Kalamazoo County, and residential employment was flat. The lack of job growth in the quarter was a contributing factor for the county's unemployment rate to increase to 3.0 percent. The county's economic indicators were all negative, suggesting that sluggish conditions will hold firm in the final months of the year.

Employment in the county's goods-producing sector inched up only an estimated 0.1 percent in the quarter. Unfortunately, recent reports suggest that sluggish conditions will continue in the area's manufacturing sector. Tower Automotive, an auto stamping and parts assembly company, announced that it will close its Kalamazoo plant, eliminating 375 jobs. The cost-reduction move was triggered in part by General Motors' desire to have the major suppliers to its Lansing production plant (which is currently under construction) located in close proximity to the plant to ensure just-in-time deliveries and enhanced communications.

A national glut of heavy trucks has forced Dana Corporation to eliminate 40 of its 242 workers, and the company is putting a previously announced expansion of 50 workers on hold. Finally, Pharmacia moved the last of its sales person-

nel, approximately 60 workers, from its Kalamazoo County location to its New Jersey headquarters. Fortunately, this move by the pharmaceutical firm will be offset by the continued employment growth in its other divisions in the county. Over the last three years, the company's local headcount has remained around 6,200 persons. Finally, Leiner Health Products is closing its area plant, eliminating 70 jobs.

Employment in the county's private service-producing sectors was up an estimated 0.5 percent in the third quarter, and government employment was down 0.9 percent. While employment by place of work rose 0.2 percent, the number of employed county residents was flat. With the county's civilian labor force growing 0.3 percent in the quarter, it is not surprising that its unemployment rate rose to 3.0 percent. More than 3,800 Kalamazoo County residents were unemployed in the third quarter.

Unfortunately, all of the county economic indicators point to continued lackluster employment conditions until at least the first of the year. The county's Index of Help-Wanted Advertising was down 5.9 percent, the number of new claims for unemployment insurance was stagnant, and the highly variable number of new dwelling units being put under contract for construction plunged by 47.4 percent.

Battle Creek Area (Calhoun County)

Total employment by place of work rose an estimated 0.2 percent during the third quarter in Calhoun County, while employment among county residents actually declined by 0.2 percent. Not surprisingly, given this stagnant employment situation, the county's unemployment rate rose to 4.6 percent during the quarter. The area's economic indicators are mixed, with a strong jump in the area's Index of Help-Wanted Advertising, suggesting that conditions—especially in its service-producing sector—could improve before Christmas.

Employment in the county's goods-producing sector was up 0.5 percent in the third quarter, and most of the area's latest business announcements have been positive. Building on its base of 17 Japanese auto suppliers, the area has attracted another. Yorozu Automotive North America Inc. announced that it will build a \$30 million manufacturing facility and create 160–200 jobs in the next three to five years.

Moreover, the county's recent round of business expansions is not limited to the automotive industry. Duncan Avi-

ation, which maintains and services corporate aircraft, plans to upgrade its present facility at the W.K. Kellogg Airport and add 662 positions to its current workforce of 425 people. BorgWarner Cooling Systems Inc. is building a plant in Marshall that will employ nearly 60 workers. Finally, Rosler Metal Finishing USA, a German company, is building a facility to house its manufacturing, laboratory, research, and office operations, which will employ 30 workers.

Employment in the county's private service-producing sector rose an estimated 0.4 percent in the third quarter, but government employment was off 1.0 percent. The number of the area's unemployed climbed 13.2 percent in the third quarter, and its unemployment rate rose to 4.6 percent. However, the third-quarter 9.9 percent jump in the area's Index of Help-Wanted Advertising suggests that employment conditions could improve in the coming months, especially in its private service-producing sector. Still, the number of new claims for unemployment insurance was up for the quarter, and the number of new dwelling units put under contract was down.

Kalamazoo Area
(seasonally adjusted)

Measure	2000 Q3	2000 Q2	Percent change Q2 to Q3	1999 Q3	Percent change Q3 to Q3
Total employment (by place of work)	125,250	125,040	0.2	123,130	1.7
Goods-producing	30,550	30,530	0.1	30,360	0.6
Service-producing	75,740	75,370	0.5	73,810	2.6
Government	18,960	19,140	-0.9	18,960	0.0
Employment (by place of residence)	125,769	125,820	0.0	123,242	2.1
Unemployment	3,816	3,130	21.9	3,490	9.3
Unemployment rate	3.0	2.4	21.4	2.8	7.3
Indicators					
Help-wanted ads	159	169	-5.9	182	-12.5
UI claims	309	309	0.1	260	19.0
New dwelling units ^a	1,285	2,444	-47.4	933	37.8
Purchasing Management Index (PMI)	Latest month		Previous month		
	54.3 (November)		63.6 (October)		

NOTE: PMI = % positive + [0.5 × (% no change)].

^aSeasonally adjusted annual rates.

Battle Creek Area
(seasonally adjusted)

Measure	2000 Q3	2000 Q2	Percent change Q2 to Q3	1999 Q3	Percent change Q3 to Q3
Total employment (by place of work)	69,470	69,320	0.2	69,050	0.6
Goods-producing	20,250	20,140	0.5	20,510	-1.3
Service-producing	37,420	37,260	0.4	36,590	2.3
Government	11,800	11,920	-1.0	11,950	-1.3
Employment (by place of residence)	66,982	67,090	-0.2	66,176	1.2
Unemployment	3,238	2,860	13.2	2,723	18.9
Unemployment rate	4.6	4.1	12.5	4.0	16.5
Indicators					
Help-wanted ads	143	130	9.9	145	-1.4
UI claims	294	263	11.5	274	7.1
New dwelling units ^a	439	499	-12.1	923	-52.4

^aSeasonally adjusted annual rates.

Appendix Tables

Table A-1
Selected Labor Market Indicators
(not seasonally adjusted)

Labor market area	Average for manufacturing production workers ^a (September 2000)			Civilian labor force unemployment rate ^b	
	Weekly hours	Hourly earnings	Weekly earnings	July 2000	September 2000
United States	41.7	\$14.49	\$604.23	4.2	3.8
Michigan	44.2	19.27	851.73	4.3	3.3
West Michigan MSAs					
Benton Harbor	42.1	13.52	569.19	4.6	3.5
Grand Rapids-Muskegon-Holland	42.8	15.53	664.68	3.8	3.1
Kalamazoo-Battle Creek	41.6	14.81	616.10	4.2	3.3
Other labor market areas					
Ann Arbor	44.6	20.70	923.22	2.7	2.0
Detroit	45.8	21.02	962.72	4.3	3.2
Flint	44.3	25.04	1,109.27	8.2	5.3
Jackson	43.6	14.11	615.20	3.5	2.7
Lansing-E. Lansing	42.6	20.61	877.99	3.0	2.3
Saginaw-Bay City-Midland	45.7	21.95	1,003.12	3.8	3.5

SOURCE: U.S. Department of Labor and the Michigan Employment Service Agency (most recent benchmark).

^aPreliminary. Earnings include overtime and part-time wages.

^bSeasonally adjusted rate for the United States was 4.0 percent in July 2000 and 3.9 percent in September 2000. Seasonally adjusted rate for Michigan was 3.7 percent in July 2000 and 3.7 percent in September 2000.

Table A-2
Benton Harbor MSA
(seasonally adjusted)

Measure	2000 Q3	2000 Q2	Percent change Q2 to Q3	1999 Q3	Percent change Q3 to Q3
Employment (by place of work)					
Total employment	73,850	73,950	-0.1	72,820	1.4
Goods-producing	22,100	22,210	-0.5	22,140	-0.2
Construction & mining	2,640	2,630	0.4	2,570	2.7
Manufacturing	19,460	19,580	-0.6	19,580	-0.6
Durable goods	15,210	15,290	-0.5	15,070	0.9
Nondurable goods	4,250	4,290	-0.9	4,510	-5.8
Private service-producing	42,410	42,370	0.1	41,630	1.9
Transportation & public utilities	3,590	3,520	2.0	3,320	8.1
Wholesale trade	2,670	2,650	0.8	2,600	2.7
Retail trade	13,650	13,590	0.4	13,510	1.0
Finance, ins., & real estate	2,370	2,390	-0.8	2,370	0.0
Services	20,140	20,210	-0.3	19,830	1.6
Government	9,340	9,380	-0.4	9,050	3.2
Unemployment					
Number unemployed	3,420	2,770	23.5	3,020	13.2
Unemployment rate	4.0	3.3	23.9	3.6	11.3
Local indexes					
Leading indicators	102	107	-4.9	115	-11.1
Average weekly hours	42.0	43.0	-2.3	43.1	-2.5
UI initial claims	269	235	14.7	154	75.1
New dwelling units ^a	441	409	7.9	457	-3.4

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and data from the Michigan Employment Service Agency.

NOTE: Categories may not sum to total due to rounding.

^aSeasonally adjusted annual rates.

Benton Harbor MSA
Industry Employment Change, Third Quarter to Third Quarter
(not seasonally adjusted)

Industry	2000 Q3	1999 Q3	Percent change	Industry	2000 Q3	1999 Q3	Percent change
Goods-producing	22,167	22,233	-0.3	Private service-producing	42,993	42,167	1.8
Primary metals	2,200	2,133	3.1	Business services	5,067	4,967	2.0
Fabricated metals	1,500	1,500	0.0	Health services	6,200	6,200	0.0
Industrial machinery	4,233	4,200	0.8	Government	8,800	8,533	3.1
Food & kindred products	600	600	0.0	Federal	533	500	6.7
Printing & publishing	1,400	1,500	-6.7	State	533	500	6.7
Plastics & rubber	1,633	1,867	-12.5	Local	7,733	7,533	2.7
				Local (education)	4,967	4,833	2.8

SOURCE: Michigan Employment Service Agency.

Table A-3
Grand Rapids-Muskegon-Holland MSA
(seasonally adjusted)

Measure	2000 Q3	2000 Q2	Percent change Q2 to Q3	1999 Q3	Percent change Q3 to Q3
Employment (by place of work)					
Total employment	591,790	588,600	0.5	579,570	2.1
Goods-producing	191,310	190,460	0.4	188,010	1.8
Construction & mining	28,050	27,990	0.2	27,410	2.3
Manufacturing	163,250	162,470	0.5	160,600	1.7
Durable goods	109,630	109,140	0.4	107,830	1.7
Nondurable goods	53,620	53,330	0.5	52,770	1.6
Private service-producing	343,170	340,470	0.8	334,670	2.5
Transportation & public utilities	21,280	21,180	0.5	20,670	3.0
Wholesale trade	40,750	40,370	0.9	39,490	3.2
Retail trade	110,060	109,570	0.4	107,120	2.7
Finance, ins., & real estate	22,990	22,800	0.8	22,590	1.8
Services	148,090	146,560	1.0	144,790	2.3
Government	57,320	57,660	-0.6	56,880	0.8
Unemployment					
Number unemployed	20,520	17,830	15.1	17,620	16.5
Unemployment rate	3.3	2.9	14.2	2.9	15.1
Local indexes					
Help-wanted ads	118	120	-2.0	125	-5.9
Leading indicators	116	120	-3.4	120	-2.8
Average weekly hours	42.3	42.5	-0.6	41.9	0.9
UI initial claims	811	875	-7.3	831	-2.4
New dwelling units ^a	5,605	6,387	-12.2	6,071	-7.7

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and data from the Michigan Employment Service Agency.

NOTE: Categories may not sum to total due to rounding.

^aSeasonally adjusted annual rates.

Grand Rapids-Muskegon-Holland MSA
Industry Employment Change by Place of Work, Third Quarter to Third Quarter
(not seasonally adjusted)

Industry	2000 Q3	1999 Q3	Percent change	Industry	2000 Q3	1999 Q3	Percent change
Goods-producing	193,367	190,000	1.8	Auto dealers & service	10,967	10,767	1.9
Furniture & fixtures	26,300	25,767	2.1	Eating & drinking places	39,767	38,600	3.0
Primary metals	6,133	6,000	2.2	Depository institutions	7,767	7,600	2.2
Fabricated metals	23,500	23,167	1.4	Business services	37,933	36,667	3.5
Industrial machinery	23,267	23,167	0.4	Health services	40,000	39,567	1.1
Transportation equipment	10,500	10,167	3.3	Educational services	8,700	8,533	2.0
Food & kindred products	10,800	10,567	2.2	Social services	11,167	10,900	2.4
Apparel & other textiles	7,767	7,533	3.1	Government	53,033	52,533	1.0
Printing & publishing	6,700	6,567	2.0	Federal	4,433	4,300	3.1
Plastics & rubber	11,767	11,300	4.1	State	6,300	6,333	-0.5
Private service-producing	344,633	336,200	2.5	Local	42,300	41,900	1.0
General merchandise store	20,033	19,500	2.7	Local (education)	25,533	25,433	0.4
Food stores	12,033	11,833	1.7				

Table A-4
Kalamazoo-Battle Creek MSA
(seasonally adjusted)

Measure	2000 Q3	2000 Q2	Percent change Q2 to Q3	1999 Q3	Percent change Q3 to Q3
Employment (by place of work)					
Total employment	217,880	217,530	0.2	215,090	1.3
Goods-producing	57,710	57,610	0.2	57,800	-0.2
Construction & mining	9,160	9,200	-0.4	8,970	2.1
Manufacturing	48,550	48,410	0.3	48,830	-0.6
Durable goods	25,540	25,200	1.3	25,090	1.8
Nondurable goods	23,010	23,210	-0.9	23,740	-3.1
Private service-producing	125,290	124,710	0.5	122,240	2.5
Transportation & public utilities	7,680	7,650	0.4	7,610	0.9
Wholesale trade	7,840	7,750	1.2	7,390	6.1
Retail trade	41,980	41,970	0.0	41,280	1.7
Finance, ins., & real estate	10,780	10,700	0.7	10,510	2.6
Services	57,020	56,630	0.7	55,450	2.8
Government	34,870	35,210	-1.0	35,050	-0.5
Unemployment					
Number unemployed	8,740	7,560	15.6	7,640	14.4
Unemployment rate	3.7	3.2	15.3	3.3	11.9
Local indexes					
Help-wanted ads	154	159	-3.2	173	-10.7
Leading indicators	104	112	-6.5	110	-4.8
Average weekly hours	41.8	42.4	-1.3	43.3	-3.5
UI initial claims	603	572	5.3	534	13.0
New dwelling units ^b	1,655	2,966	-44.2	1,822	-9.1

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and data from the Michigan Employment Service Agency.

NOTE: Categories may not sum to total due to rounding.

^aSeasonally adjusted annual rates.

Kalamazoo-Battle Creek MSA
Industry Employment Change by Place of Work, Third Quarter to Third Quarter
(not seasonally adjusted)

Industry	2000 Q3	1999 Q3	Percent change	Industry	2000 Q3	1999 Q3	Percent change
Goods-producing	58,367	58,467	-0.2	Private service-producing	125,833	122,800	2.5
Primary metals	1,600	1,600	0.0	General merchandise stores	6,867	6,733	2.0
Fabricated metals	5,200	5,167	0.6	Auto dealers & service	4,600	4,467	3.0
Industrial machinery	4,400	4,300	2.3	Eating & drinking places	16,133	15,967	1.0
Food & kindred products	5,833	6,267	-6.9	Health services	16,433	16,467	-0.2
Paper & allied products	4,033	4,100	-1.6	Government	32,467	32,567	-0.3
Printing & publishing	2,600	2,833	-8.2	Federal	5,267	5,100	3.3
Chemicals & allied products	7,000	7,167	-2.3	State	7,100	7,800	-9.0
Plastics & rubber	3,300	3,167	4.2	Local	20,100	19,667	2.2

Table A-5
Personal Income and Earnings by Industry (current dollars)

Area	Income distribution	1998	1997	1996	1995	1994	1993	1988
Benton Harbor MSA (Berrien County)	Total personal income (\$000)	3,87,524	3,776,242	3,521,496	3,421,153	3,250,568	3,098,638	2,433,203
	Per capita personal income (\$)	24,236	23,543	21,855	21,178	20,169	19,208	14,928
	Earnings per worker (\$)	29,072	28,986	27,317	26,954	26,400	26,464	21,177
	Manufacturing	47,782	47,142	42,683	41,053	40,701	41,100	29,962
	Services ^a	21,803	22,363	21,531	20,659	19,897	20,504	15,439
Grand Rapids- Muskegon-Holland MSA	Total personal income (\$ 000)	27,727,320	26,337,800	24,492,629	23,164,231	21,912,705	20,190,404	14,987,141
	Per capita personal income (\$)	26,694	25,618	24,122	23,121	22,157	20,660	16,407
	Earnings per worker (\$)	32,427	31,125	30,012	29,224	28,712	27,618	22,931
	Manufacturing	46,510	45,418	43,310	41,939	41,929	39,959	32,822
	Services ^a	25,440	24,177	23,573	23,107	22,276	21,869	18,060
Kent County	Total personal income (\$ 000)	15,700,642	14,808,783	13,757,510	13,078,740	12,376,874	11,395,159	8,512,820
	Per capita personal income (\$)	28,820	27,366	25,650	24,639	233,571	21,938	17,440
	Earnings per worker (\$)	33,916	32,423	31,273	30,490	29,882	28,711	23,616
	Manufacturing	49,076	47,945	45,380	44,258	44,347	41,896	34,202
	Services ^a	27,760	25,929	25,739	25,121	24,137	23,933	19,755
Ottawa County	Total personal income (\$ 000)	6,043,607	5,793,472	5,389,121	5,028,361	4,715,845	4,297,298	3,027,877
	Per capita personal income (\$)	26,812	26,270	25,027	23,943	23,007	21,401	16,875
	Earnings per worker (\$)	30,651	29,711	28,633	27,568	27,008	25,934	21,899
	Manufacturing	44,175	43,023	41,417	38,931	38,398	37,122	30,460
	Services ^a	20,748	21,067	19,318	19,047	18,139	17,223	14,654
Muskegon County	Total personal income (\$ 000)	3,506,580	3,357,010	3,148,661	3,003,833	2,889,433	2,722,758	2,167,159
	Per capita personal income (\$)	21,016	20,233	19,110	18,369	17,725	16,749	13,747
	Earnings per worker (\$)	29,978	28,776	27,692	27,272	26,994	26,266	22,037
	Manufacturing	46,985	45,583	43,435	42,874	42,755	41,155	33,210
	Services ^a	23,701	22,960	21,809	21,462	20,934	20,246	16,392
Allegan County	Total personal income (\$ 000)	2,478,490	2,378,535	2,197,317	2,053,297	1,930,553	1,775,189	1,279,285
	Per capita personal income (\$)	24,356	23,670	22,212	21,078	20,134	18,790	14,492
	Earnings per worker (\$)	28,980	28,015	27,117	26,383	26,385	25,189	21,014
	Manufacturing	40,251	39,382	38,161	37,120	37,408	35,380	29,636
	Services ^a	16,296	15,394	15,134	15,261	16,197	15,811	12,114
Kalamazoo-Battle Creek MSA	Total personal income (\$ 000)	11,029,567	10,703,409	10,223,408	9,807,763	9,444,070	8,928,488	6,850,000
	Per capita personal income (\$)	24,726	24,091	23,072	22,203	21,438	20,335	16,143
	Earnings per worker (\$)	31,760	30,889	30,248	29,187	28,734	27,952	24,077
	Manufacturing	55,666	54,437	52,134	49,446	48,344	46,726	36,805
	Services ^a	23,609	22,918	22,265	21,695	21,225	20,992	18,097
Kalamazoo County	Total personal income (\$ 000)	6,283,409	6,075,491	5,872,621	5,600,271	5,350,842	5,066,311	3,869,830
	Per capita personal income (\$)	27,364	26,475	25,635	24,549	23,542	22,321	17,479
	Earnings per worker (\$)	32,268	31,056	30,636	29,533	29,016	28,238	24,352
	Manufacturing	59,921	57,435	56,162	52,633	51,455	49,362	37,792
	Services ^a	24,775	24,019	23,501	22,818	22,280	22,062	19,760
Calhoun County	Total personal income (\$ 000)	3,285,380	3,214,868	3,016,817	2,917,535	2,823,884	2,667,276	2,069,148
	Per capita personal income (\$)	23,333	23,052	21,721	20,946	20,250	19,198	15,389
	Earnings per worker (\$)	32,599	32,406	31,438	30,239	29,994	29,139	25,065
	Manufacturing	54,680	55,104	51,037	49,101	47,717	46,678	38,075
	Services ^a	22,404	21,871	2,0903	20,647	20,336	20,114	16,180
Van Buren County	Total personal income (\$ 000)	1,460,778	1,413,050	1,333,970	1,289,957	1,269,344	1,194,901	911,022
	Per capita personal income (\$)	19,313	18,754	17,754	17,356	17,200	16,332	13,302
	Earnings per worker (\$)	26,782	25,504	24,627	24,113	23,325	22,719	19,516
	Manufacturing	37,932	36,509	33,919	33,616	32,473	31,029	25,665
	Services ^a	18,236	17,675	16,898	15,946	15,342	15,035	12,246

SOURCE: Bureau of Economic Analysis, 1990 to 1997.

^aServices do not include trades, finance, or transportation and public utilities.

Table A-6
Consumer Price Index^a
U.S. city average (1982-84=100)

Year	Annual Avg.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
CPI for All Urban Consumers (CPI-U)													
1985	107.6	105.5	106.0	106.4	106.9	107.3	107.6	107.8	108.0	108.3	108.7	109.0	109.3
1986	109.6	109.6	109.3	108.8	108.6	108.9	109.5	109.5	109.7	110.2	110.3	110.4	110.5
1987	113.6	111.2	111.6	112.1	112.7	113.1	113.5	113.8	114.4	115.0	115.3	115.4	115.4
1988	118.3	115.7	116.0	116.5	117.1	117.5	118.0	118.5	119.0	119.8	120.2	120.3	120.5
1989	124.0	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0	125.6	125.9	126.1
1990	130.7	127.4	128.0	128.7	128.9	129.2	129.9	130.4	131.6	132.7	133.5	133.8	133.8
1991	136.2	134.6	134.8	135.0	135.2	135.6	136.0	136.2	136.6	137.2	137.4	137.8	137.9
1992	140.3	138.1	138.6	139.3	139.5	139.7	140.2	140.5	140.9	141.3	141.8	142.0	141.9
1993	144.5	142.6	143.1	143.6	144.0	144.2	144.4	144.4	144.8	145.1	145.7	145.8	145.8
1994	148.2	146.2	146.7	147.2	147.4	147.5	148.0	148.4	149.0	149.4	149.5	149.7	149.7
1995	152.4	150.3	150.9	151.4	151.9	152.2	152.5	152.5	152.9	153.2	153.7	153.6	153.5
1996	156.9	154.4	154.9	155.7	156.3	156.6	156.7	157.0	157.3	157.8	158.3	158.6	158.6
1997	160.5	159.1	159.6	160.0	160.2	160.1	160.3	160.5	160.8	161.2	161.6	161.5	161.3
1998	163.0	161.6	161.9	162.2	162.5	162.8	163.0	163.2	163.4	163.6	164.0	164.0	163.9
1999	166.6	164.3	164.5	165.0	166.2	166.2	166.2	166.7	167.1	167.9	168.2	168.3	168.3
2000		168.7	169.7	171.1	171.2	171.3	172.3	172.8	172.8	173.7			
CPI for Urban Wage Earners and Clerical Workers (CPI-W)													
1985	106.9	104.9	105.4	105.9	106.3	106.7	107.0	107.1	107.3	107.6	107.9	108.3	108.6
1986	108.6	108.9	108.5	107.9	107.6	107.9	108.4	108.4	108.6	109.1	109.1	109.2	109.3
1987	112.5	110.0	110.5	111.0	111.6	111.9	112.4	112.7	113.3	113.8	114.1	114.3	114.2
1988	117.0	114.5	114.7	115.2	115.7	116.2	116.7	117.2	117.7	118.5	118.9	119.0	119.2
1989	122.6	119.7	120.2	120.8	121.8	122.5	122.8	123.2	123.2	123.6	124.2	124.4	124.6
1990	129.0	125.9	126.4	127.1	127.3	127.5	128.3	128.7	129.9	131.1	131.9	132.2	132.2
1991	134.3	132.8	132.8	133.0	133.3	133.8	134.1	134.3	134.6	135.2	135.4	135.8	135.9
1992	138.2	136.0	136.4	137.0	137.3	137.6	138.1	138.4	138.8	139.1	139.6	139.8	139.8
1993	142.1	140.3	140.7	141.1	141.6	141.9	142.0	142.1	142.4	142.6	143.3	143.4	143.3
1994	145.6	143.6	144.0	144.4	144.7	144.9	145.4	145.8	146.5	146.9	147.0	147.3	147.2
1995	149.8	147.8	148.3	148.7	149.3	149.6	149.9	149.9	150.2	150.6	151.0	150.9	150.9
1996	154.1	151.7	152.2	152.9	153.6	154.0	154.1	154.3	154.5	155.1	155.5	155.9	155.9
1997	157.6	156.3	156.8	157.0	157.2	157.2	157.4	157.5	157.8	158.3	158.5	158.5	158.2
1998	159.7	158.4	158.5	158.7	159.1	159.5	159.7	159.8	160.0	160.2	160.6	160.7	160.7
1999	163.2	161.0	161.1	161.4	162.7	162.8	162.8	163.3	163.8	164.7	165.0	165.1	165.1
2000		165.5	166.4	167.8	167.9	168.1	169.1	169.4	169.3	170.4			

SOURCE: Bureau of Labor Statistics, U.S. Department of Labor.

^aMonthly data shown above are not adjusted for seasonal variations. Unadjusted CPI data are used extensively for escalation purposes. Although the CPI is often called the "Cost-of-Living Index," it measures only price change, which is just one of several important factors affecting living costs. All CPI series are linked historically to the original CPI Index for Urban Wage Earners and Clerical Workers. These series contain no revision but are reprinted for the convenience of the user.

PERCENT CHANGE: Values of these indexes from one time period to another are usually expressed as percent changes rather than changes in index points. Index-point changes are affected by the level of the index in relation to its base period, while percent changes are not. For example:

$$\frac{100 \times (160.5 \text{ (1997 annual avg.)} - 156.9 \text{ (1996 annual avg.)})}{156.9 \text{ (1996 annual avg.)}} = 2.3\% \text{ change 1996 to 1997, CPI-U.}$$

$$\frac{100 \times (164.0 \text{ (November 1998)} - 161.5 \text{ (November 1997)})}{161.5 \text{ (November 1997)}} = 1.5\% \text{ change November 1997 to November 1998, CPI-U.}$$

$$\frac{100 \times (164.0 \text{ (November 1998)} - 164.0 \text{ (October 1998)})}{164.0 \text{ (October 1998)}} = \text{No change, CPI-U.}$$

Table A-7
Population Update for Selected Areas

Area	1999	1998	1997	Base 1990	1980	Annual change (%)	
						1990- 1999	1980- 1990
Michigan	9,863,775	9,820,231	9,785,450	9,295,287	9,262,078	0.7	0.0
West Michigan Metropolitan Areas							
Benton Harbor MSA (Berrien County)	159,709	159,831	160,398	161,378	171,276	-0.1	-0.6
Benton Harbor	11,719	11,455	11,669	12,802	14,707	-1.0	-1.4
Niles (part)	11,612	11,443	11,606	12,457	13,115	-0.8	-0.5
St. Joseph	9,234	9,223	9,222	9,265	9,622	0.0	-0.4
Grand Rapids-Muskegon-Holland MSA	1,052,092	1,038,717	1,028,081	937,891	840,824	1.3	1.1
Kent County	550,388	544,781	541,142	500,631	444,506	1.1	1.2
Grand Rapids	185,009	186,219	187,656	189,673	181,843	-0.3	0.4
Kentwood	42,893	42,216	42,046	37,826	30,438	1.4	2.2
Walker	20,381	19,650	19,167	17,272	15,088	1.9	1.4
Wyoming	69,275	68,601	67,947	63,672	59,616	0.9	0.7
Ottawa County	230,261	225,407	220,535	187,768	157,174	2.3	1.8
Grand Haven	12,085	12,108	12,173	11,995	11,763	0.1	0.2
Holland	26,705	26,758	26,787	25,077	26,281	0.7	-0.5
Muskegon County	168,037	166,849	165,916	158,983	157,589	0.6	0.1
Muskegon	39,401	39,636	39,910	40,355	40,823	-0.3	-0.1
Muskegon Heights	12,387	12,408	12,490	13,175	14,611	-0.7	-1.0
Norton Shores	23,138	22,912	22,806	21,713	22,025	0.7	-0.1
Allegan County	103,406	101,680	100,488	90,509	81,555	1.5	1.0
Kalamazoo-Battle Creek MSA	447,164	446,070	444,285	429,453	420,771	0.4	0.2
Kalamazoo County	229,867	229,627	229,476	223,411	212,378	0.3	0.5
Kalamazoo	75,660	76,356	77,132	80,290	79,722	-0.7	0.1
Portage	43,992	43,689	43,433	41,025	38,157	0.8	0.7
Calhoun County	141,380	140,806	139,463	135,982	141,579	0.4	-0.4
Battle Creek	53,699	53,460	53,059	53,450	35,724	0.1	4.1
Marshall	7,353	7,345	7,268	6,968	7,201	0.6	-0.3
Van Buren County	75,917	75,637	75,346	70,060	66,814	0.9	0.5
Total	1,658,965	1,644,618	1,632,764	1,528,722	1,432,871	0.9	0.6
Rural Southwest Michigan							
Barry County	54,648	54,465	54,280	50,057	45,781	1.0	0.9
Branch County	43,825	43,702	43,768	41,502	40,188	0.6	0.3
Cass County	50,129	49,975	49,819	49,477	49,499	0.1	0.0
Newaygo County	46,356	45,769	45,026	38,206	34,917	2.2	0.9
Oceana County	24,900	24,745	24,659	22,455	22,002	1.2	0.2
St. Joseph County	61,448	61,141	61,105	58,913	56,083	0.5	0.5
Total	281,306	279,797	278,657	260,610	248,470	0.9	0.5

SOURCE: State of Michigan Department of Management and Budget and U.S. Bureau of the Census.

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